Daily Report

Latin America

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FBIS-LAT-95-159 *17 August 1995*

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Pastoral Letter Urges Promotion of U.S.-Cuban Dialogue

FL1508114095 Nassau Bahamas Radio Network in English 1700 GMT 14 Aug 95

[FBIS Transcribed Text] In a pastoral letter from the Antilles Episcopal Conference on the dialogue between the U.S. and Cuban Governments, the conference has rejected the embargo which has been imposed on Cuba by the United States. In their letter of 16 May 1995 referring to the exodus of the Cuban people, the bishops of the conference reiterated a plea that they had made in 1969, on 8 September 1993, and on 27 August 1994.

Pope John Paul II has said that the embargo is an act of force.

The Caricom [Caribbean Community] leaders have also asked for the raising of the embargo, as have individual leaders in many countries.

The bishops of the Antilles conference pointed out the fundamental moral principle which must guide peoples and nations regarding action taken by one person or nation against another. This principle was formulated by Pope John Paul II, speaking on 9 January 1995 to members of the diplomatic corps accredited to the Holy See — among whom were representatives of many Caribbean nations, including Bishop Lawrence Burke of the Catholic Diocese of the Bahamas. The pope stated that the embargo, clearly defined by law, is an instrument which needs to be used with great discernment and must be subjected to strict legal and ethical criteria. He said it is a means of exerting pressure on governments which have violated the international code of good conduct and of causing them to reconsider their choices.

The bishops of the Antilles conference stated that the present economic sanctions against Cuba form a very complex issue. Together with other causes, they contribute to the immigration — at great personal risk — of thousands of Cubans trying to reach Florida. It was also pointed out that now that uncontrolled departures have been stopped, it might be presumed that the desire to leave the country has decreased. It is believed that more and more people want to leave Cuba.

The bishops of the conference call upon all governments to continue to work for the dialogue between Cuba and the United States that might bring about the raising of the embargo. They called upon people everywhere to encourage politicians to give priority to this problem and to pray for a just solution and for the suffering people of Cuba.

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Castro To Address 17 Aug ACS Meeting Opening

FL1608204295 Bridgetown CANA in English 1842 GMT 16 Aug 95

[By Linda Hutchinson]

[FBIS Transcribed Text] Port of Spain, Trinidad, Aug 16, CANA — Heads of state and government of the Association of Caribbean States (ACS) were expected to begin arriving in Port of Spain Wednesday for an historic two-day summit on trade, transportation, and tourism.

All eyes, however, will be focused on the Cuban President Fidel Castro, whose arrival by a private aircraft is being kept a closely-guarded secret. Some security and protocol officials from Cuba arrived in the country ahead of their leader to look over the Trinidad Hilton Hotel, the venue for the summit, to ensure a smooth visit. Security has been heightened around the summit venue, with armed police and soldiers positioned inside the hotel and on the sprawling scenic grounds. Security officials, some in armoured vehicles, have also taken up strategic positions along the route leading to the hotel on Lady Young Road. A national security helicopter with armed personnel is expected to follow the vehicles, taking leaders from the Piarco International Airport in the eastern region to the hotel in the north.

Castro, who will be accompanied by his usual heavy security entourage, will also address the formal opening of the summit which is scheduled at 3 PM on Thursday. Other leaders who are expected to address the opening is Costa Rican President Jose Figueras, representing Central America; Venezuelan President Rafael Caldera, representing the Group of Three (G3); Prime Minister of Dominica Edison James as chairman of Caribbean Community (Caricom); and Prime Minister Patrick Manning of host country, Trinidad and Tobago.

Over 500 delegates from 31 countries, and 21 regional and international organisations are attending the meeting, which was preceded by a two-day technical meeting and ministerial meeting. Following the opening, the leaders will begin discussions on the Summit issues.

The ACS was borne out of a proposal in a document, "Time For Action," by the now-defunct West Indian Commission. The ACS, which constitutes a market of some $200 million, with a combined Gross Domestic Product (GDP) of over $500 billion, was inaugurated on July 24 last year in Cartagena, Colombia. The ACS recently received legal status when two-thirds or 17 members ratified the "Cartagena Convention."

Leaders will deliberate over the summit issues and consider and adopt a Plan of Action on the three issues, a Declaration, and a Communique. The Caracas-based Latin American Economic System (SELA), the Caricom secretariat, and the Caribbean Tourism Organisation (CTO) were responsible for trade, transportation, and tourism respectively. In the area of trade, the document dealt with inter-sectoral linkages with tourism through regional trade, existing patterns of ACS trade, possibilities and impediments to intra- regional trade, and harmonisation of regional approaches to international trading arrangements. The transportation paper focused on functional co-operation between ACS carriers and maritime transportation as an instrument of ACS trade. The tourism document presented an overview and forecast marketing the Caribbean region, the performance and viability of the hotel sector, human resource development in the tourism sector, tourism as an environmentally dependent industry, and tourism as a creator of inter-sectoral linkages.

A council of ministers meeting is also expected to take place on Thursday morning, with discussions centered on the election of the ACS secretary-general, Venezuelan Simon Molina-Duarte, and the ACS headquarters in Port of Spain. This meeting, which was scheduled for July 24 in Guatemala, was postponed because the required 17 vote ratification to bring the ACS into a legal entity fell short.

Another ministerial meeting which was scheduled for Wednesday afternoon was expected to deal with the contentious quota budget allocation. Some $1.5 million has been agreed upon to finance the activities of the ACS secretariat.

Robaina: Cuba Hopes ACS 'Window' Toward Integration

PA1708040395 Madrid EFE in Spanish 2323 GMT 16 Aug 95

[FBIS Translated Text] Port-of-Spain, 16 Aug (EFE) — Cuban Foreign Relations Minister Roberto Robaina today told EFE that Cuba hopes that the Association of Caribbean States (ACS) will become a "window" toward integration so that the nations trading with the island will stop doing it "in silence."

Robaina arrived today in Port-of-Spain to attend "summit" of chiefs of state and government from Caribbean Basin. The summit will be held on 17 18 August.

The ACS, created in July 1994, groups all the Carib[illegible]n and Central American states, in addition to Me[illegible]o, Venezuela, and Colombia.

In statements to EFE at the hotel where conversations prior to the "summit" are being held, the Cuban foreign

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minister pointed out that, despite the pressure the United States is exerting, the ACS decided to accept Cuba "without any conditions whatsoever."

"This is a beginning, and (the U.S. embargo) is at least being muffled because, Cuba is resisting and because we are being accepted even though they disagree with what we do," the chief of Cuban diplomacy added.

He insisted that the nations and people who maintain commercial relations with Cuba are doing it "in silence," despite the pressures and amid many difficulties and an implacable persecution against Cuban businesses by the U.S. diplomacy." [quotation marks as received]

"We are living in new times, and in these new times, Cuba needs to introduce itself to the world just as it is. This is why I am talking about breaking barriers," Robaina maintained, affirming that, despite the U.S. pressure on the nations of the region to exclude Cuba from any integrating effort, they are starting to resist this pressure, both at the national and regional level.

"We are living in times in which we have to dare, and I believe there are many more daring nations," the Cuban official asserted.

Cuba, the foreign minister added, could offer technical, educational, biological, medical, and sports resources, among others, as integrating efforts, and can participate in a Caribbean market, in which it "has a great deal of experience."

"Although we are poor and small countries in most of the Caribbean, we have many riches and many things we could offer one another," Minister Robaina explained.

The ACS has yet to define what type of commercial relations it is seeking for its member nations, from customs tariffs reductions to even the creation of a free trade area. According to Robaina, "there is still much to cover" to achieve this possibility.

"If we truly want trade to be free, we would have to truly determine if the poor nations' products have access to the rich nations' markets," he assessed.

The presidents of Cuba, Fidel Castro; Mexico, Ernesto Zedillo; Venezuela, Rafael Caldera; Nicaragua, Violeta Chamorro; Suriname, Ronald Venetiaan; and Guyana, Cheddi Jagan, as well as delegates from the rest of the nations in the area, are expected to attend the summit.

SELA Document To Be Used as Part of ACS Action Plan

FL1608213895 Bridgetown CANA in English 1710 GMT 16 Aug 95

[FBIS Transcribed Text] Port of Spain, Trinidad, Aug 16, CANA — The deputy permanent secretary of the Caracas-based Latin American Economic System (SELA), Luis Alberto Rodriguez, said he was pleased with the recommendations accepted from a SELA document on trade, which forms part of a plan of action for the Association of Caribbean States (ACS). The plan of action on Trade, Tourism, and Transportation will go before heads of states at the first-ever ACS summit which takes place on Thursday and Friday.

SELA was given the responsibility for trade issues, and the Caribbean Community (Caricom) secretariat and the Caribbean Tourism Organisation (CTO), transportation and tourism matters respectively. SELA, created almost 20 years ago, is a regional organisation encompassing 27 sovereign Latin American and Caribbean countries with the purpose of coordinating joint positions and promoting cooperation among its members. Rodriguez said some of the recommendations which were accepted include the promotion of measures toward liberalisation of trade, stimulation of investments, and economic integration among ACS countries.

The Trinidad-born official said he was particularly pleased with the acceptance of the recommendation to collect and disseminate information regarding the Marrakesh Agreement, establishing the World Trade Organisation (WTO) and its implementation in each ACS country with the aim of assisting the process of regional integration. Another key recommendation was the establishment of linkages to the various data bases and information systems regarding trade and business opportunities.

"What the ACS secretariat can do, once that information becomes available or some mechanism has been established where trade, information products, and investment opportunities are available, they may be able to filter that through some newsletter or via technology to the various business groups — for instance, through the Caribbean Association of Industry and Commerce (CAIC) plus the individual groups such as the manufacturers associations and Chambers of Commerce," he said.

Rodriguez said trade and business information was widely available from sources such as the Central America Economic Integration Agency (SIECA), CAIC, ALADI, and BANCOMEX in Mexico. Rodriguez said SELA had suggested to the ACS secretariat to try and find some mechanism to link that flow of information in some centralised place, so they in turn can begin to filter it through the various member countries. This would enable the private sector, he said, easy access to the flow of information and ... increase trade with that knowledge available.

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Rodriguez said there was a lot of interest and excitement from the private sector about the recommendations by SELA. He noted, though, that for the trade issues to begin working, there must be commitment from all countries, especially in the areas of technical and financial support.

" ... talking to the countries and seeing the level of interest that is there, I would imagine in the not-too-distant future the ACS secretariat will perform an excellent job in what it has been mandated to do.

"It's a novel idea in terms of bringing the various countries in the Caribbean basin under one secretariat, particularly to deal with aspects such as trade, and in this particular summit, transportation and tourism.

"I think it opens up an opportunity to recognise the importance of these three elements to our economies, and also, where we can try to join forces so that we may overcome some of the obstacles that we have today in our economies, in terms of increasing trade intra-regionally, recognising the transportation problems and trying to find solutions and looking at tourism as an important aspect of the economies of most of the countries of the ACS," Rodriguez. He said the three issues before the summit were very important since they encompassed a fundamental aspect of the economies of the ACS members.

ACS Trade, Transport, Tourism Action Plan

FL1608195895 Bridgetown CANA in English 1423 GMT 16 Aug 95

[All quotation marks as received]

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Aug 16, CANA — Following is the full text of the Plan of Action on Trade, Transportation and Tourism for the 25-member group of the Association of Caribbean States (ACS) at a two-day technical meeting here obtained by CANA:

Introduction

"The Plan of Action agrees to instruct the Secretariat of the ACS to:

— Promote measures towards liberalisation of trade, stimulation of investments and economic integration among the ACS countries.

— Assist member countries, in collaboration with other relevant regional organisations, in the on-going process of negotiations for trade liberalisation and integration at the regional, hemispheric and global levels.

— Collect and disseminate among the members of the ACS information regarding the Marrakesh Agreement establishing the World Trade Organisation (WTO) and its implementation in each ACS country with the aim of assisting the process of regional integration.

— Promote and facilitate the active participation of the regional business community in the trade and investment events, especially those that take place within the region.

— Design and implement a mechanism for the exchange of information on trade and investment patterns and opportunities, establish or improve the linkages among the various information systems and promote their use.

— Identify and propose concrete ways of achieving a greater interrelationship among tourism, transportation and trade in collaboration, with the objectives of increasing complementarity among the ACS countries in those sectors and providing further impetus to the economic integration of the ACS members.

— Examine the possibilities of establishing a reciprocal payment and credit system among the ACS countries, taking into account existing systems, such as ALADI [Latin American Integration Association].

— Seek active participation in the activities of the group of Secretariats of regional and sub-regional integration and cooperation organisations regarding the efforts towards harmonisation of trade rules and regulations.

Tourism

"With respect to the tourism industry, the plan of action affirms that the industry constitutes the major vehicle of development for many of the states, countries and territories of the ACS and are aware that it is not only the single economic activity common to all, but also a priority economic sector for all its membership.

"Keenly aware that tourism is a strategic industry which is operating in a highly competitive environment, we perceive the need for a regional tourism strategy that draws strength from cooperation without sacrificing the interest of individual states, countries and territories of the appeal of individual national tourism products.

"We are cognisant that our region has considerable advantages in tourism since we offer a product which is like the world in microcosm. Presented as a single tourism product, the ACS destination has the advantages of both diversity and economies of scale.

"We recognise that tourism is an industry which is highly dependent on the environment and that the quality, competitiveness and sustainabilty of this sector are inextricably linked to the conservation of the Caribbean's human, natural and man-made environment.

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"We are conscious of the need to locate tourism in the national planning process and to strengthen public sector-private sector cooperation in managing the tourism sector.

"We further recognise the industry's potential to create linkages with other economic sectors and to stimulate higher levels of economic growth and development in our States, Countries and Territories.

"We, therefore, agree to, with respect to tourism planning, ensure that tourism is fully brought into our national planning process, strengthen the role of regional and national organisations in the ACS countries and promote the incorporation of its members in the CTO, with the purpose of coordinating efforts in the development of tourism, promote cooperation among all public and private sector tourism entities within the ACS member states with a view to maintaining the Caribbean region as the preferred tourism destination.

Tourism and the Environment

"With respect to environmental sustainability: Require the execution of appropriate levels of environmental impact assessment as a precondition of all tourism development projects

Incorporate in our tourism policies measures that address issues of environmental sensitivity and national heritage through educational and developmental programmes and to adopt and enforce appropriate legislation to encourage responsible practices in respect thereof.

"Consider the adoption of the Charter of Margarita approved at the 5th CTO Ecotourism conference held in Margarita in June 1995, taking into account national legislation.

"Declare the Caribbean a "green area" and invite the appropriate regional and international agencies to cooperate with us to develop and implement programmes to achieve this objective.

Tourism and Visitor Safety

"With respect to visitor safety: adopt appropriate measures to provide for the safety of visitors with the objective of guaranteeing the development and growth of tourism, to develop crisis management and damage control strategies in the event of major natural disasters, to strongly deplore the inappropriate use of Travel Advisories by non-ACS states with the purpose of reducing tourism competitiveness in ACS countries, and to develop mechanisms by which governments can monitor and respond to such Travel advisories.

Tourism Marketing

"With respect to regional marketing: Promote the region as a single destination with unique national products and encourage the free flow of tourists to all ACS countries.

"To this end, we shall establish, based on the successful public/private sector Caribbean Coalition on Tourism Marketing Programme for North America, a broad based regional marketing and advertising programme to and joint representation in the major markets, including the intra-Caribbean market on a sustainable basis and develop, not later than the end of 1995, a financing arrangement to sustain this initiative.

"In order to facilitate the implementation of such a programme, we will review and modify, as necessary, the structure of the Caribbean Coalition on Tourism.

"With respect to profitability: Co-finance tourism performances survey for the ACS region on an ongoing basis, develop appropriate policies to retain and attract investment and to improve the efficiency and competitiveness of the tourism sector of the region.

Tourism and Human Resources

"With respect to human resources: Create within the next three months a Caribbean tourism education and training council with the following terms of reference:

(a) Examine the manpower needs of the region and review the number and type of public and private sector institutions in the ACS region which are currently involved in tourism training.

(b) Ascertain what certification in tourism is available to all tourism training institutions throughout the ACS region and the extent to which they are acceptable and transferable between the various countries and to create a directory of ACS wide travel and tourism institutions and professionals.

(c) Consider the adoption of the recommendations of the University of the West Indies report on tertiary education in tourism, with respect to expansion and rationalisation of institutions, transferability of credits, post graduate training in the region, language training and certification and the provision of financial support required for implementation.

(d) Find a coordination mechanism between the institutions of higher education to deal with setting and monitoring of educational standards and levels of certification within the colleges and universities in the region.

(e) Establish job performance standards leading to the certification of knowledge and skills of professionals, which is recognised throughout the region and which

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will facilitate the free movement of tourism professionals in accordance with the legislation currently in force in each country.

(f) Accept the offer of the Government of Mexico to establish a Regional Program for education, training and research in sustainable tourism, based at the Universidad de Quintana Roo (Mexico), aiming at widening efforts to develop human resources that will increase the competitiveness and quality of tourist services in the Caribbean region, enhancing the complementarity of the existing experiences through the creation of an educational network coordinated from Mexico.

Financing

"With respect to financing: Establish a task force in order to prepare a detailed draft proposal for a Caribbean Regional Development Fund which shall be submitted to the next meeting of the ACS Council of Ministers.

"It would include the fund's legal, administrative and the management structure as well as its relations with the multilateral financial organisations. No ACS states shall be excluded for any of the benefits of these links for social or political reasons.

Transportation

"Recognising the importance of the principles of free trade, easy access and equal opportunity to affordable air and maritime transportation and their indispensability for the economic integration among our States, Countries and territories and that this can be greatly assisted by the liberalisation and facilitation of trade, the cost-effective and easy movement of goods, services and people and the stimulation and promotion of investment among our States, countries and territories:

"Also recognising that the development of an efficient and effective transport system is an indispensable element in the facilitation of trade among ACS states, countries and territories as well as the movement of people throughout ACS region thus transcending the separateness of the past as well as for ensuring extra-regional links and multi-destination possibilities in the framework of the actual agreements and relations among ACS states, countries and territories:

"Aware that there are myriad problems to be overcome in order to develop an effective transportation system and that given our resource constraints, services and facilities will have to be enhanced incrementally and through a variety of means;

"Conscious that the ultimate aim is to provide a sustainable, efficient, profitable, readily differentiated and significantly higher quality service to the travelling and cargo shipping communities at reasonable tariffs;

"Also conscious that concerted action at the political as well as private sector levels will be required to make ACS Co-operation in the areas of Transportation meaningful and sustainable;

"Also aware that this summit on tourism, trade and transportation provides a unique opportunity to identify and put in place policies that would encourage and promote co-operation in the provision of transport services among the ACS states, countries and territories as well as encourage the exploitation of the synergies that exist among these three areas;

"Agree to pursue the following programme of collaboration in Maritime and Air Transportation:"

Shipping

"With respect to shipping services: We recognise the need for direct services among ACS membership, but note that the current low volume of trade between some of our states might make alternative approaches necessary in the short to medium term.

"In this context, we undertake to:

(i) work with our public and private sectors to determine and meet the requirements for, and enhance the possibilities of, establishing non-vessel operating common carriers (NVOCCs). In this regard, we will jointly examine the feasibility of pursuing the recommendation made in the Caricom [Caribbean Community]-group of Three (G3) Transport study for the joint Government/private sector NVOCC on an ACS-wide basis;

(ii) discuss with the shipping lines, the nature of the inducement which would be required to provide service from hub ports to secondary ports and take the agreed measures which fall to the responsibility of the public sector;

(iii) promote the development of intermodel transportation in the region which will bring new possibilities for maritime investments to make this service more efficient and competitive;

(iv) encourage the shipping lines to work together to expand the range of on-carriage arrangements among themselves and to make these more widely known to potential shippers;

(v) examine novel approaches to providing regular intra-ACS commercial services, including the Venezuelan initiative of using a navy ship to transport commercial cargo to the small ports of the Eastern Caribbean.

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Port Services

"With respect to the provision of port services we are conscious that a major effort needs to be made to reform and restructure labour and management systems, and in some instance to modernise ports in our states, countries and territories.

"We also recognise that documentation requirements and processes need to be streamlined and in cases simplified and the turn around time for aircraft and ships improved. In this context, we resolve to:

(i) encourage and assist our port authorities and worker organisations to address the issue of port costs and efficiency through, inter alia, modernising payments and reward systems, training and redeployment of labour and the reduction of unnecessary bureaucratic requirements. We call on the International Labour Organisation (ILO) and the United Nations Conference on Trade and Development (UNCTAD) to assist us in this process;

(ii) examine the future scope and role of the public and private sector in the provision of port services with a view to ensuring the adoption of the most efficient and cost effective arrangements;

(iii) assist our port authorities to co-operate and collaborate more actively among themselves in the existing institutional arrangements such as the Inter-American Ports and Harbours Conference (IAPH), the Port Management Association of Eastern Caribbean States (PMAECS), the Central American Maritime Commission (COCSTRAM), the Caribbean Shipping Association (CSA) and the permanent technical committee on ports of the Organisation of American States (OAS). As a priority, we urge them to focus attention on:

(a) the simplification and streamlining of documentation requirements in our various ports to facilitate the movement of goods, services and people by sea with specific reference to the provisions of the International Convention on the Facilitation of Maritime Traffic 1965, as amended;

(b) the identification of areas of cooperation to reduce costs and improve efficiency, particularly in minimising the time and costs to shippers and ship operators. In this context, we encourage them to explore the possibilities of joint ventures and other forms of economic association in areas such as training, port facilities development and utilisation;

(c) the establishment of an appropriate Electronic Data Inter-change (EDI) information system to link ports, shippers and shipping lines in the ACS region.

Air Transportation

"We recognise that lower costs structure, effective schedule integration, improved air access and enhanced corporate relations programmes are important elements for the success and survival of the airlines in the ACS states, countries and territories.

"We also recognise that airline management needs to be an integral part of this process and to be firmly committed to the goal of closer intra-ACS collaboration.

"We the governments of the ACS states, countries and territories resolve to:

(i) examine the regulatory and operational framework which exists within the ACS states, countries and territories including the nature and context of our bilateral air transport agreements, our obligations to our air carriers and the overall attitude of ACS states, countries and territories on contemporary significant air transport policy matters as well as the need for adequate safeguards and safety nets for the protection of the ACS member as developing states, countries and territories.

(ii) evaluate the potential air access benefits which could arise from the negotiation of certain air services agreements on a group basis using the community of Interest of Principle of ICAO;

(iii) where feasible, give favourable consideration to the use of the Community of Interest principle as a means of improving both intra and extra regional air access arrangements;

(iv) sensitise the authorities and management of airports to the economic benefits and convenience of improving facilitation by implementing the standards and recommended practices of Annex 9 of the Chicago Convention and other initiatives and to urge them to become more pro-active in this area;

(v) examine the scope for the removal of and take action where possible to eliminate or simplify visa requirements for intra-regional travel by residents of ACS states, countries and territories;

(vi) encourage our aeronautical authorities to join and collaborate actively among themselves in the existing institutions such as the Latin American Civil Aviation Commission (LACAC).

"We recognise the initiatives which some of our airlines have begun to increase co-operation and enhance their competitiveness and viability. We encourage ACS airlines to develop regular contacts in order to build on these initiatives and in this context, we call on them to work towards —

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(i) continuous improvements in the integration of intra-ACS airline schedules and route systems.

(ii) facilitating the provision of and equal access to a unified reservation system to the marketplace. In this context, we suggest that the ACS airlines should as a priority, invite competitive tenders from the Computerised Reservation Systems (CRS) and Distribution systems to host the schedule of ACS airlines as one unit using state of the art technology;

(iii) adopting a joint approach for the acquisition of a common Yield Management Programme.

(iv) exploring the possibilities of using Latin pass or any other frequent-flyer programme, as a vehicle for the full exploitation of a broad scope of functional cooperation programmes for ACS airlines;

(v) exploring the possibilities for fleet rationalisation and joint aircraft acquisition and joint approaches to financial sources for all ACS states, countries and territories;

(vi) enhancing cost effectiveness by undertaking negotiations in such areas as

(a) engineering and maintenance management information systems (emmis),

(b) insurance placement,

(c) duty free programmes,

(d) crew hotel accomodations and

(e) general management information systems.

Safety of Air and Seacraft and Related Port Facilities

"We recognise that the image of ACS air and sea ports will have to be amended and the safety of aircraft and maritime vessel as well as containers and cargoes assured. We, therefore, resolve to

(i) identify the critical international conventions relating to ships and shipping operations and to implement these conventions as early as possible within an agreed harmonised framework, and take all other appropriate steps, in conjunction with established regional and international programmes, to promote maritime safety and the protection of the marine environment of ACS states, countries and territories from vessel sourced pollution;

(ii) examine the feasibility of broadening participation in the draft Caribbean agreement on port state control to include all ACS states, countries and territories;

(iii) give major attention to the issue of safety. In this context, we stress the necessity of promoting the implementation of the standards and recommended practices established by the International Civil Aviation Organization (ICAO). We recognise ICAO as the overall authority on safety and its oversight and call on all state parties to support ICAO's role in this area of its responsibility. To this end, we commit ourselves to attend the September 1995 ICAO general assembly and to jointly reaffirm this principle at that forum;

(iv) work collectively towards the implementation of improved air safety oversight programmes where required and urge ICAO to assist the efforts of ACS states, countries and territories in this matter;

(v) cooperate to strengthen the negotiating position of ACS countries vis-a-vis the Federal Aviation Authority (FAA) and the Joint Airworthiness Authority (JAA) and to ensure that our airlines and aircraft receive fair treatment by these bodies.

(vi) assist and support each other to the extent possible, in the relationship with other agencies to ensure that our airlines and aircraft receive fair treatment by these bodies.

"We also resolve to encourage greater collaboration among the relevant transportation related training institutions in order to increase the number of skilled personnel available for employment in the transportation industry. We will explore the possibilities of providing fellowships to trainees from each other mechanisms to promote practical training and attachments.

"We recognise the importance of timely and accurate statistics on trade, tourism and transport for both governments and private investors and operators and agree to increase co-operation to develop and strengthen collection of transport, trade and tourism statistics in our region.

"We call on the International Maritime Organisation (IMO), the International Civil Aviation Organization (ICAO) and other relevant agencies to provide technical assistance in the areas where requested.

"In order to ensure the follow-up to and implementation of the plan of action in the areas of transportation, we agree to establish, within the framework of the ACS arrangements, a permanent technical committee on transportation. This committee will develop specific programmes to promote the maritime, air and intermodel transportation objectives outlined in this Plan of Action."

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Nicaragua Officially Confirms Integration Treaty

PA1508234095 Managua LA PRENSA in Spanish 11 Aug 95 p 4

[Report by Ana Odili Oviedo]

[FBIS Translated Text] Nicaragua has officially confirmed its entry to the General Treaty for Central American Integration [Tratado General de Integracion Centroamericana], also known as "Guatemala Protocol."

Nicaraguan Deputy Foreign Minister Jose Bernard Pallais delivered the confirmation document to the Central American Integration System (SICA) secretary general in a ceremony held in San Salvador.

The document, presented by our country, was approved as Decree No. 809 of 27 May 1994 by the Nicaraguan National Assembly and ratified by the presidency of the Republic in June of that same year.

The Guatemala Protocol contains the fundamental legal framework for the Central American integration process, as well as important commitments to further the reinstatement of the Central American Common Market.

Nicaragua's participation in the integration process grants the country a preferential treatment in the field of economic relations and an exception status in the financial, investment, and debt spheres.

Several economists are of the opinion that the reinstatement of the Central American Common Market will give the Isthmian countries effective elements to rehabilitate and strengthen their economies.

Deputy Foreign Minister Pallais will also participate in the 10th regular meeting of the Central American Security Commission during his stay in San Salvador. The main issue to be discussed at this meeting is the revision of the Central American Democratic Security bill prepared by Nicaragua with the cooperation of the SICA secretary general.

Central American Security Commission Meets in San Salvador

PA1608045895 San Salvador LA PRENSA GRAFICA in Spanish 9 Aug 95 p 19a

[Report by Gerardo Lopez]

[FBIS Translated Text] The Central American countries are working on a security model that abolishes military force and uses democratic institutions to avoid armed conflicts and find comprehensive and peaceful solutions to the problems that arise in the region.

The Central American Security Commission, which met in San Salvador yesterday, discussed a draft of the "Democratic Security Treaty" that was prepared by Nicaragua with the help of the Central American Integration System, SICA. The treaty's draft includes issues such as the struggle against drug-trafficking activities and citizen security.

Salvadoran Deputy Foreign Minister Victor Manuel Lagos stated that the treaty's objective is to resolve the causes of the problems because many times they are not political or military in nature but have a social character.

He said: "The presidents of the region understand that security in the area cannot be achieved solely by having a reasonable balance of military forces but that it also requires that the people be able to advance and that the environment be protected."

He explained that the treaty will allow the countries to help each other in the prevention of crimes such as car thefts, gun running, strip mining areas, and corruption, among others.

The objective of this agreement is that it turn into another element in the Central American legal framework, which was agreed in the Tegucigalpa Protocol that established SICA.

Lagos said the treaty would be aimed at avoiding the causes of conflicts between countries that could endanger Central America's peace, "which has cost us so much to achieve...."

"We want to demonstrate that the region will no longer resort to weapons to solve problems between countries because we have a commitment with the future generations," he asserted.

According to commission members, drug trafficking, money laundering, car thefts, gun running, all go against regional security and must be confronted with everyone's cooperation.

Meanwhile, Nicaraguan Deputy Foreign Minister Jose Pallais explained that the draft of the treaty includes the advances made in the institutionalization process and attempts to implement a new security model.

Pallais pointed out that with the signing of the treaty, Central America would become the first hemispheric region to adopt this comprehensive security system.

"Democracy cannot be guaranteed without strong development in the zone" and, thus, it is important that we guarantee security to the Central Americans "in a comprehensive manner."

Honduran Mario Fortin, an adviser to the Central American Affairs Directorate, asserted that the draft offer security to the governments and residents of the region.

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According to Fortin, the agreement will further greater understanding and cooperation to combat crime and offer a better future on the eve of the new millennium.

The draft, which comprises 22 chapters and was presented last July, was studied yesterday, and its approval could take place by the end of the year.

Central American Finance Ministers Meet in Guatemala

PA1508225595 Guatemala City PRENSA LIBRE in Spanish 9 Aug 95 p 69

[FBIS Translated Text] The Second Isthmian Countries Finance Ministers Council took place at the Secretariat of Central American Economic Integration, SIECA, offices in Guatemala City yesterday.

The following ministers attended the meeting: Ana de Molina for Guatemala, Manuel Hinds for El Salvador, Francisco Ferrara for Honduras [our records report his name to be Juan Ferrara], Emilio Pereira for Nicaragua, and Fernando Herrero for Costa Rica. The ministers discussed the issue of Central American tax unification as an essential element to further their economic and financial integration process.

Among the issues discussed was the technical organization of tax unification on specific or selected items such as the consumption of cigarettes, tobacco, and tobacco substitutes; carbonated beverages; beer; and alcoholic beverages.

They also studied a proposal to unify fiscal incentives for the export of non-traditional products, free zone administration, furtherance of exports, acceptance of temporary assembly plant administrations, industrial reconversion, development of tourism, and environment protection.

Tax Unification Study To Be Initiated

Guatemalan Finance Minister Ana de Molina was interviewed after the meeting, and she revealed they had agreed to initiate a study on how to implement the tax unification system in the area.

The study's proposal has to be approved at the next Isthmian Finance Ministers meeting. The date of the meeting will be determined when SIECA presents the study to the finance ministers in each country.

The ministers also agreed it is important to eliminate privileges, to increase income in relation to economic growth, and to promote private and foreign investment in each one of their countries.

Furthermore, the finance officials studied a system to exchange information on the economic stabilization and structural adjustment programs, as well as the mechanisms to finance the tax unification program. To this end, the ministers confirmed the Finance Ministers Council resolution that stipulates their commitment to make a special quota for this expenditure.

Businessmen Fear Foreign Trade Dependence on Brazil

PY1508174395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1623 GMT 10 Aug 95

[FBIS Translated Text] Mar del Plata, 10 Aug (NA) — Industrialists today expressed their concern over what they termed the "Brazildependence" [Brasildependencia] of Argentina's foreign trade, during the Second Industrial Conference that is taking place in this city.

Mercosur [Common Market of the South] was the main topic of the first plenary session of the meeting, which was organized by the Argentine Industrial Union (UIA). The relationship of Mercosur with NAFTA, the EU, and the Andean Pact was also discussed.

Daniel Chudnovsky, director of the Research Center for Transformation (CENIT), opened the debate, and maintained that Argentine foreign trade suffers from "Brazildependence."

The researcher indicated that Argentine exports to Mercosur are "based" on only a few products, and that five of them combine for a 44 percent share of total Argentine sales to Brazil.

These products are crude petroleum (15.5 percent), wheat (14.1 percent), gear boxes (6.2 percent), vehicles (4.5 percent), and corn (4 percent).

Felix Pena, director of the Institute of Enterprise, Competition, and Integration of the University of Business and Social Sciences University (UCES), called for reaching agreements with "the natural partners that should be within Mercosur, Bolivia, and Chile."

He also predicted a significant growth of trade with Brazil, but warned that in order to achieve that objective it is necessary to carry out "productive transformations, to give the necessary importance to education and the training of technicians, and to improve services and infrastructure."

Vera Thorstensen, director of the South-North Institute of Economic Policy of Sao Paulo, received the most praise from businessmen. She stressed the need to "defend loyal trade within the countries of Mercosur with the implementation of antidumping laws, a policy on subsidies, and a policy for safeguarding the companies of our countries."

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"It is impossible to compete with Asian nations, which have insignificant labor costs," Thorstensen warned, making it clear that she does not favor protectionism, "but there is a need to not have naive policies, in order to gain access to international markets."

Jorge Campbell, international economic relations secretary, predicted a "boom of investment" in Brazil in 1996, and indicated that this situation "will also favor Argentina, which will expand its possibilities of placing products" in that country.

"I have a very optimistic outlook about Mercosur's future," Campbell said, and promised "the will and decision of the Argentine Government to listen to the demands of businessmen and of working so that our products achieve the necessary potential abroad."

Observers Hold Daily Meetings To Enforce Demilitarized Zone

PY1508211995 Lima EL COMERCIO in Spanish 5 Aug 95 p A5

[Article by Juan Carlos Cuadros Guedes]

[FBIS Translated Text] Bagua, 4 Aug — The members of the Mission of Observers of the 1942 Rio de Janeiro Protocol guarantor countries are holding daily coordination meetings with Ecuadoran and Peruvian military officials in order to continue with the procedures for the full enforcement of the demilitarized zone agreement.

It has been reported that the Peruvian zone has been demilitarized, with the exception of Watch Post 1, where there are 50 men carrying individual weapons.

On the Ecuadoran side, according to Radio Caravana Informativa, the demilitarization process also continues, even though broad political sectors refused to acknowledge that the Banderas military base is within the demilitarized zone that went into effect on 1 August.

Sources close to the MOMEP [Ecuador-Peru Military Observers Mission] said that the guarantor countries have not received a formal or official statement on this issue from Ecuador.

Ecuadoran Soldiers Detained Inside Peruvian Territory

PY1608124895 Madrid EFE in Spanish 0005 GMT 16 Aug 95

[FBIS Translated Text] Lima, 15 Aug (EFE) — The Peruvian Defense Ministry today reported that two armed Ecuadoran soldiers were arrested by the Peruvian Army near the border, "inside" Peruvian territory.

The same source stated that a Peruvian Army captain died and a major lost a leg after stepping on mines while on routine patrols inside Peruvian territory on the border with Ecuador.

The arrested Ecuadoran soldiers were identified as Edgar Eduardo Vargas Yanes and Manuel Ramiro Patino Alvarado, both 19 years old.

An official communique issued in Lima today by the Sixth Military Region headquartered in El Milagro military base, in Bagua, Amazonas Department, states that the two soldiers were carrying HK rifles and 10 ammunition pouches.

The communique adds that they were armed with 22 hand grenades, three LAW [light anti-tank weapon] rockets, and were dressed in full combat gear.

The communique states that Vargas and Patino were detained on 9 August in Kampama region, some 13 km from the border, "inside our territory."

The note ends by stating that the two Ecuadoran soldiers were taken to Lima for "the corresponding procedures."

In another official communique issued in Lima today, the Sixth Military Region reports the death of Captain Jorge Robledo Tirado, on 13 August, due to wounds caused by a mine he stepped on the day before, 2 km from the borderline.

The report says Robledo lost his left leg and was aided by his comrades in arms but died before receiving medical assistance.

Robledo's remains were taken to Lima and the Sixth Military Region is investigating the accident.

The report adds that Major Victor Andrade Andrade lost his left leg after stepping on another mine on Monday, 14, near watch post "Pachacutec" while on a routine patrol "inside our territory."

It adds that today the officer will be taken to the Central Hospital in Lima, where he will receive medical treatment. This case is also being investigated.

Peruvian official sources hold Ecuador responsible for the "planting" of mines on the border between the two countries during the non-declared war between 26 January and 28 February.

The two governments accuse each other of invading their respective territory in the Cenepa River region, in the Condor Mountain Range.

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Cuba

ACS Summit on 'Economic Integration' Issues Viewed

Robaina on Trade Transportation, Tourism

FL1608155095 Havana Radio Rebelde Network in Spanish 1155 GMT 16 Aug 95

[Report by correspondent Zenaida Costales, in Port-of-Spain, Trinidad and Tobago; from the "Doing Radio" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina arrived in Port-of-Spain a little while ago to attend a ministerial meeting at 1500 this afternoon in the run-up to the summit of heads of state and government, scheduled to begin in this capital city on 17 August. Robaina met reporters at the airport terminal:

[Begin Robaina recording] It is very important that we realize that trade, transportation, and tourism are extremely important to the region and that they are the subjects that bring us together. The fact that the Association of Caribbean States [ACS] heads of state will discuss issues so crucial to true economic integration reaffirms the goals that brought us together to establish the ACS in Cartagena de Indias. Progress has been made on the documents and the final declaration, which clearly takes into account Cuba's interests even though that was not what we were after. I am convinced that this is how other ministers and heads of state will see it. The problems that this summit will address and the potential for achievements could prove this summit an important starting point. [end recording]

Robaina To Speak for Antillean States

PA1608225095 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Aug 95

[Report by Ana Loyola; from the "NTV Newscast"]

[FBIS Translated Text] Today it was officially revealed in Port-of-Spain that Cuba will speak on behalf of the group of Antillean states during the inaugural session of the Summit Conference of the Caribbean States Association which begins on Thursday in Trinidad and Tobago.

[Begin recording] [Loyola] Specialists attending the Summit of the Association of Caribbean States have concluded their analysis to make way for the meeting of ministers, and finally for the meeting of presidents. The delegates have made a number of observations to adapt their interests regarding the main issue on which are centered the hopes of the other nations — to establish the Caribbean area among the leading tourist destinations in the world with support for a thriving trade.

Cuba is among the countries which has registered the greatest sustained growth in tourism in recent years. Of the 83 percent of the constructions which have been made, these have been built in Cuba, Aruba, Guadalupe, and Martinique.

But what has been done is not enough says Cuban Foreign Trade Minister Ricardo Cabrisas, who is in Trinidad and Tobago.

[Cabrisas] Yes, these are really very important, and in some ways complex, discussions. However, I can affirm that we have begun a thorough discussion of the issues — tourism, which is of great importance to our countries, trade, and transportation issues. I believe that with the results that have been achieved up to now — according to conversations that I have had not only with members of the Cuban delegation, but also with representatives of other participating countries — the negotiations are advancing along the right path. [end recording]

[Loyola] Nature has endowed this region with beauty and an extraordinary climate but without adequate and safe air or sea transportation, little can be gained.

[Deputy Transportation Minister Joaquin Benavides] There are legislation, organization, contact problems, and a limited knowledge of the cargo market in the Caribbean. All these things have to be taken into consideration. It is the first step in moving forward. Without any doubt, to move forward in trade and tourism we have to make greater advances in transportation.

[Loyola] An announcement made by the Caribbean Tourism Organization that in the year 2000 annual growth will be 4.6 percent has filled with hope many economies which see their development in other areas very limited.

[Air Transportation Director Mayda Molina] At a government level, we are trying to determine what obstacles exist and to find solutions to them through bilateral agreements between countries to allow for a freer traffic of airline companies. At company and airline company levels, we are trying to see how to coordinate itineraries, integrate reservation systems, and decide jointly, to allow the airlines to ease travel for passengers and tourists from one area to another, which is so important.

[Loyola] Caricom [Caribbean Common Market] Secretary General Edward Carrington considered other factors which are present in the area.

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[Unidentified reporter] Do you believe that some of the issues being debated, such as the transportation issue, have something to do with that? Because if the United States applies sanctions to ships which travel to Cuba and then cannot return to U.S. ports, that is an issue which has to do with what is being discussed here in the transportation sector. [No answer as heard: video switches to Loyola]

[Loyola] According to local information, the meeting of foreign relations, tourism, trade, and other ministers — who agree or disagree in some points of view — will start tomorrow afternoon. [end recording]

Caribbean Countries Want Integration

PA1608160295 Havana PRENSA LATINA in Spanish 2153 GMT 15 Aug 95

[By special correspondent Frank Gonzalez: "Many Proposals Will Be Presented at Caribbean Summit"]

[FBIS Translated Text] Port of Spain, 15 Aug (PL) — Experts from the Association of Caribbean States [AEC] today continued preparing that organization's summit. Many proposals on ways to promote regional integration have been presented.

Representatives of 25 nations and 11 dependent territories members of the AEC worked for the second consecutive day on action plans and a declaration of principles to be approved during the summit meeting.

First within commissions and later during plenary meetings, experts discussed tourism, commerce, and air and sea transportation as a basis for increased cooperation.

Regarding tourism, they agreed to continue joint advertising of the Caribbean and the promotion of a free flux of passengers through all the AEC countries.

More than 50 percent of the tourists received in the region are North Americans, who in the framework of the blockade the United States has maintained against Cuba for more than three decades are prohibited by the U.S. Government from visiting the island.

The conservation of the environment as a condition for developing new tourist projects, the creation of a personnel education and training center, and the establishment of a regional fund for the expansion of the sector form part of the suggestions.

Regarding the regional fund — whose financing would come fundamentally from international credit organizations — it has been specified that no AEC member can be excluded from fund benefits for political or social reasons.

Regarding the commercial environment, there have been proposals for the adoption of measures to promote the liberalization and the development of investments and intraregional integration.

In this regard, it has been suggested exploring the possibility of either establishing a reciprocal payment and credit system or of searching for ways to include the AEC in the Latin American Integration Association's payments and credit system.

The draft of the plan views transportation as an indispensable element for facilitating commerce and traveling within the region and includes many actions aimed at resolving difficulties in this field.

The works by the experts will conclude tomorrow when the ministers will begin meeting as of 1500 hours. The ministers will be responsible for approving the action plans and the declaration of principles before submitting them for the consideration of the chiefs of state next Thursday.

Ukrainian Prime Minister Promotes Cooperation

PA1608155895 Havana PRENSA LATINA in Spanish 0724 GMT 15 Aug 95

[FBIS Translated Text] Kiev, 15 Aug (PL) — Ukrainian Prime Minister Anatoliy Franchuk today called for seeking appropriate mechanisms for increasing multilateral cooperation bonds between both countries.

After meeting with Cuban Ambassador to Ukraine Sergio Lopez Briel, Franchuk listed medicine, tourism, and the electronics industry as sectors with excellent possibilities for establishing flowing relations.

Franchuk noted that, during his various visits to Cuba, economic cooperation was discussed, and thanked the Cuban Government for its decision to warn the international community about the deterioration in the health of the children affected by the Chernobyl nuclear accident.

Furthermore, Franchuk praised the Cuban proposal for establishing an international medical center for the diagnosis, treatment, and study of Ukrainian children affected by the 1986 nuclear disaster.

Ukrainian officials showed Lopez Briel various facilities located on the coasts of the Black Sea in the city of Evpatoriya, which could be appropriate for the project.

Franchuk stressed his country's high appreciation for Cuban efforts, demonstrated for more than five years, and the benefits of the Cuban experience in the organization of an international center similar to the one in Havana.

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So far, more than 12,000 Ukrainiann children and adults, victims of the Chernobyl nuclear accident, have received specialized medical treatment in Cuba.

Sugar Industry Discuses Sugarcane Harvest Outlook

Granma Prepares for Sugarcane Crop

PA1508195595 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 95

[Report by Bartolome Marti; from the "National Radio News" newscast]

[FBIS Translated Text] Granma — A large rally of all sectors in this province in support of the sugarcane harvest is set for tomorrow. According to information obtained from municipalities, necessary organizational measures have been adopted to ensure the highest production and efficiency which, it has been predicted, will receive an unprecedented response from the province's people. The main effort will be aimed at weeding cane fields, the most demanding sugarcane farming chore in the province, where 15 percent of the total area of cane fields must be weeded.

Granma Province should close the month of August having weeded all the fields scheduled for harvest. Of the remaining fields, no less than 90 percent should also have been weeded by that time.

High-Yield Sugarcane Developed

PA1508215395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 13 Aug 95

[From the "NTV Newscast"]

[FBIS Translated Text] Following four years of field tests, a new sugarcane variety called Cuba 91-301 has attained the quality required for obtaining high yield in soils having poor drainage conditions, such as the northern area of the central provinces.

This new sugarcane variety was developed by the scientists of the Provincial Station of Sugarcane Research of Ciego de Avila, and due to its characteristics it is the solution to the poor soils of the northern part of Ciego de Avila, Sancti Spiritus, and Villa Clara.

[Begin unidentified speaker recording] In this northern part of the province the soil does not drain well. We have obtained a new variety called Cuba 91—301 that has significant characteristics, from both an agricultural yield point of view as well as an industrial point of view. [end recording]

The [words indistinct] and the provincial delegation have asked their nine complexes to exchange experiences on their sugarcane cultivation, rehabilitation, and the struggle against [word indistinct]

After the "NTV Newscast" crew toured the fields and saw the effectiveness in the field, this representative from the CAI [Agro-industrial Complex] Barona explained how the rehabilitation program works. In the case of the [word indistinct] the most experienced ones are the members of the 1 January CAI in the El Mejicano UPBC [Basic Cooperative Production Units].

[Begin unidentified speaker recording] The task calls for using a [word indistinct] tractor with six or seven chains and 10 men with... [pauses] according to the estimate done of the area that was rehabilitated in the 4-70 field. It would be possible to rehabilitate it in 10 hours. [end recording]

Ciego de Avila is making significant progress in most of its areas and seeks to have a superior harvest in 1995-96.

Planting Shortfalls, Future Harvests

FL1608130095 Havana Radio Progreso Network in Spanish 1100 GMT 16 Aug 95

[From the "First Thing" program]

[FBIS Translated Text] Planting figures continue to rank among the lowest in the sugar industry, with an accumulation of just 47 percent to date and a mere 29 percent completion of the 10-day plan. The nation is currently 2,000 caballerias behind, seriously jeopardizing the 1996-97 sugar harvest. Santiago de Cuba and Holguin are the only provinces that have exceeded their planting goal.

Agriculture Minister Reviews Year's Coffee Production

PA1608050195 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 95

[Report by Diosdado Maso; from the "National Radio News" newscast]

[FBIS Translated Text] During the coffee plenary meeting which ended today in Maisi, the participants expressed their interest in a harvest without wasting a single grain of coffee in the country. Journalist Diosdado Maso has the details.

[Begin recording] [Maso] Agriculture Minister Alfredo Jordan Morales reviewed zone by zone, evaluating this year's production performance. In Guantanamo Province, the Imias Municipality this year's harvest presented a serious situation; Baracoa will have to make extra efforts to achieve results; and in the Lizendo

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Perez Municipality it will be necessary to reactivate the strategies to produce at least the record coffee figures in this region.

When assessing the results in the Province of Santiago de Cuba, Segundo Frente, La Maya, San Luis and Guama Municipalities will have to work harder for their coffee crops to produce more than what they had planned.

Jordan Morales said that not one grain less than the last coffee production will be accepted. No steps backward will be accepted in the goals already reached.

[Jordan] Because the [words indistinct] of the mountains... [pauses] if there is no coffee there is no continuous plan, and if there is no cocoa there will be no social changes; if there is no coconut there will be no social changes. Without a growing and controlled forest industry, and unless we stop the indiscriminate cutting and burning everywhere, there will be no economic, political, nor social advancement nor any of the things we say [words indistinct] [end recording]

The coffee plenary meeting ended in Maisi, Guantanamo Province.

Report on Farmers' Markets, Product Prices in Havana

PA1608033695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 Aug 95

[Report by Ana Maura Carbo for the "NTV Newscast"]

[FBIS Translated Text] Havana has 34 farmers' markets, mostly located in surrounding municipalities.

[Begin first unidentified speaker recording] Buyers do not lower the prices. I believe the only price that tends to go down is the price of pork, and not much at that. [end recording]

I again refer to market prices. The market that sells at the highest prices is the one at Corrales in Egidos, Central Havana; the lowest prices can be found at Virgen del Camino, San Carlos, and (Palatino) in El Cerro.

To confirm the observation I consulted a study from the State Agricultural Collection Union in the capital. Prices have a tendency to remain stable and a relative decrease depends on the affluence of people, day of the week, and participating farmers who bring their products.

The largest number of these markets are located in the outskirts, where less is charged for display, weight, and storage services. This is reflected in the prices. Centro Havana, a highly populated municipality, has only two markets and prices are much higher. This world of supply and demand now includes a very important vendor, the collection centers, which have been selling products in 95 percent of the markets since May. The goal is a progressive reduction in prices and they will purchase all that is offered by those who do not wish to bring, or cannot bring, their products. The markets are also striving for lower prices.

[Begin recording] [Second unidentified speaker] Certain producers do not want to participate as meat vendors here so the market buys their meat; and we pay 25 or 26 pesos per pound. Later on we sell the meat at 28 pesos per pound.

[Reporter] You never haggle?

[Second unidentified speaker] We haggle. Yes, we do; and we do not buy when they refuse to lower the price.

[Third unidentified speaker] Of course we haggle, because the prices are high. When the markets opened the meat cost between 50 and 60 pesos, and it has gone down. The price of rice went down. Everything went down. The thing is that they cannot go down in one day. [end recording]

Do not request your merchandise by specifying an amount of money. You must specify the number of pounds. Do not be afraid to haggle. Demand quality. We can all help lower the prices.

Interior Ministry Helps Camaguey Industrial Plant

PA1608045995 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 95

[Interview with Major Ramon Valdivia Corcho, director of the Interior Ministry's Diversified Production Enterprise, by Eva Alvarez in Camaguey for the "National Radio News" — recorded]

[FBIS Translated Text] [Alvarez] What other diversified products do you have here?

[Valdivia] Our center handles lumber, textile products, cooking utensils, mattresses, and hoes. We have a permanent production of between 60 and 65 products in the market. We began to supply the market on 23 January, following the approval of Law 192, and we already surpassed the amount of 1 million pesos as of 6 June.

[Alvarez] Was this done by one of the stores you have in Camaguey's downtown area? Have you opened any others?

[Valdivia] A store was inaugurated in Vertientes Municipality. Its sales range between 4,000 and 5,000 pesos a day.

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[Alvarez] How many houses did you say you were capable of producing every day, meaning the bricks and the floor tiles you manufacture here?

[Valdivia] Our factory has 51 machines with two operators. It should — it is capable — of manufacturing floors for 16 houses, meaning 16 houses which measure between 70 and 72 square meters.

National Electricity Production, Distribution Viewed

PA1608042095 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 95

[Report by Demetrio Villa Urrutia, from the "National Radio News" newscast]

[FBIS Translated Text] Jorge Carvallo, director of national electricity distribution, has reported that the country's full operating capacity will increase when two new units start operations.

[Begin Carballo recording] In 1995, what is left of 1995, two new units should join the national electric system. They are Unit No. 3 in Santa Cruz del Norte and Unit No. 1 in Felton, meaning at the Lidio Ramon Perez Thermoelectric Plant. That is the name it has been given. These two thermoelectric plants have a capacity that will allow us to increase the country's full operating capacity by 350 megawatts. [end recording]

The Basic Industry Ministry's current strategy also involves maintenance work in the electric network.

[Begin Carballo recording] Our electric system is not only comprised of thermoelectric plants. There are thermoelectric plants, there are transmission networks that carry electricity from one place to another — large amounts of electricity, from one province to another, from one region of the country to another — and there are distribution networks that distribute electricity to the houses, the consumer, the factories — and it must be consumed or else there will be no electricity. Everyone knows electricity is produced and consumed at the same time. Therefore, there can be no electricity if there is no consumption; and there can be no consumption when there is no generation. [end rcording]

A progressive decrease in electric energy consumption has been registered in residential areas. This situation does not occur in the state sector.

Delays in Felton Electric Plant Construction

PA1608050295 Havana Radio Rebelde Network in Spanish 1700 GMT 14 Aug 95

[Report by Haroldo Garcia; from the "National Radio News"]

[FBIS Translated Text] The electric generation deficit for approximately 330 megawatts at the Antonio Guiteras Thermoelectric Plant in Matanzas was compounded by damages in the 220-volt electric transmission lines in Santa Clara, Ciego de Avila, and Nuevitas.

If the thermoelectric plant in Felton, Holguin Province, had been hooked up to the system with its expected 250 megawatts, shortages would not have been that serious.

August was the first operation deadline that was not met so we sought a specific reply from Engineer Jorge Lopez, director general of this enterprise.

[Begin Lopez recording] Actually, there have been objective and subjective situations. The objective situations resulted from the lack of certain resources at a given moment, but they eventually arrived. Undoubtedly, this has led to delays in the implementation of programs. We are responsible for the subjective problems — we must also mention them — when it comes to picking up materials, having everything ready, and coordinating the work. These two things are basically what led to this situation. I believe that the gears have been properly greased now and we should complete the plant — I am sure of this — in October. [end recording]

The current status of tests shows the seriousness of the pledge to hook up the Felton plant to the national system in October. Local consumers, our economy, and a province that struggles for 26 July need it.

Matanzas Electric Plant Out of Service 12 Aug

FL1408180895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 1630 GMT 14 Aug 95

[From the "NTV" newscast]

[FBIS Translated Text] The Electricity Union reports that the Matanzas electric plant was taken out of service on 12 August, and therfore there have been more than the predicted service interruptions Saturday and Sunday nights in Havana and throughout the nation. Increased electricity outages will continue until the Matanzas plant is reincorporated into the national electricity system in approximately 72 hours.

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Turning to the issue of the democratization of assets of state-owned firms, the Haitian prime minister recalled the agreement signed with the IMF to study nine of these enterprises. In reference to last week's invitation to bid on the Haiti Flour Mill and Haiti Cement, Mr. Michel explained that there are no disagreements between the office of the prime minister and the presidency on this issue.

Discussing this year's government revenues, Mr. Michel explained that as of 31 July 1995 they totalled 1.8 billion gourdes. He hopes they will reach 2 billion gourdes next year. The national budget for fiscal year 1996 might amount to 4.5 billion gourdes.

On the topic of structural adjustments, Smarck Michel acknowledged that in all countries these measures have serious consequences for the population. In Haiti's case, he thinks they must be accompanied by social measures that take the misery of the majority into account.

OPDH To Demonstrate for Cancellation of Elections

PA1608190995 Port-au-Prince Signal FM Radio in French 1630 GMT 10 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] There will be a peaceful march by the Political Organization for Democracy [OPDH] in Haiti on 17 August. OPDH — through its Secretary General Carl Denis — plans to go out onto the streets this Thursday to demand the cancellation of the controversial elections of this past June, their complementary elections, as well as the holding of general elections in the country.

Carl Denis also wants to force the government to release political prisoners arrested for the plot against state security and thus satisfy the demands of the demobilized military.

Carl Denis calls on the population to gather in front of Cine Capitol this Thursday as of 1000 AM. [passage omitted]

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Antonio Guiteras Plant Back on Line After 72 Hours

FL1708015795 Havana Radio Rebelde Network in Spanish 2300 GMT 16 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] At midday today, the Antonio Guiteras Electric Plant came back on line, rejoining the national electrical system after being offline for almost 72 hours. Cuba's most modern and efficient electrical plant was forced to interrupt production last Sunday — slightly after 1300 — due to leaks in three boiler tubes.

Plant workers and a brigade from the electrical plant maintenance enterprise immediately began the intense, difficult repair task. To repair the leaks in the minimal amount of time, repair work was carried out around the clock. The repairs were completed this morning at 1155.

Haiti

General Shalikashvili Visits Aristide 14 Aug

PA1608184195 Port-au-Prince Signal FM Radio in French 1030 GMT 16 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] There was a conversation the day before yesterday in Tabarre between President Jean-Bertrand Aristide and U.S. General John Shalikashvili who arrived yesterday ... [pauses] on the afternoon of the day before yesterday. In fact, on the afternoon of 14 August at about 3 o'clock PM, the head of state received Gen. John Shalikashvili, the highest-ranking officer in the U.S. Army.

During this meeting, which falls within the scope of the usual meetings between the president of the Republic and the U.S. general, the two men made a general survey on the current situation in the country in a relaxed atmosphere, sources close to President Jean-Bertrand Aristde's private cabinet headed by Leslie Voltaire reported.

Michel Assesses Government Work After 9 Months in Office

PA1508193795 Port-au-Prince Signal FM Radio in French 1030 GMT 15 Aug 95

[From "The Waking Up Newscast"]

(FBIS Translated Text] Smarck Michel assessed the achievements of his government for the nine months he has been at the head of this government. During a news conference yesterday at the prime minister's office, held to assess his term thus far, the head of government reported on certain achievements attained during the nine months of his government.

He noted the economic reforms implemented within the framework of the regulation of investment activities. This helped modernize archaic practices. Of note among the agreements signed to underwrite urgent government expenses were contributions by the World Bank and the Inter-American Development Bank worth $40 million each and by U.S. AID for $45 million. Several countries helped Haiti eliminate its debt to multilateral organizations, which totalled $82 million.

The reform program is aimed at creating an economic environment favorable to the harmonious development of the economy and democracy, said Mr. Michel. He added that several institutional actions were undertaken in support of planned economic reforms. He cited as examples the formation of a presidential commission on the growth and modernization of the economy, as well as the creation of the Unit for the Democratization of State-Owned Businesses [Unite de Democratisation des Entreprises Publiques], the Central Management Unit [Unite Centrale de Geston], the National Land Reform Institute [Institut National de Reformes Agraires], and the National Penitentiary Administration.

Here's an excerpt of Smarck Michel's remarks.

[Begin Michel recording] Throughout the nine months of this government, our plan has been to run a race to manage the emergency, rebalance the Haitian economy, and mobilize national and international resources in order to achieve the economic and institutional reforms necessary to permanently support government actions that fall within the mandate for change given to President Jean-Bertrand Aristide and which this government wants to help implement.

There are many themes in these changes. On an economic level, this means liberalizing the economy away from its previous insularity, especially in view of the fact that we are standing on the threshold of the 21st century. Within the government's aegis, this means the government withdrawing from production processes at state-owned firms which, after three years of de facto governments, cannot be rebuilt because it simply costs too much. The government must also reconfigure its normative and regulatory role so that it can carry out its mission of coordinating public life better than it did before. It must improve its effectiveness in providing services and in assisting in the national dialogue on decentralization, that is, transferring certain powers from the center to local administrations. In the arena of international relations, we are working on reducing dependence on external aid, thanks to a serious program of modernizing the administration that will help collect public revenues. [end recording]

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(Mexico City XEW Television Network in Spanish 0430 GMT 10 Aug 95)

Basic grain production is declining in Mexico, according to members of the Permanent Agrarian Council. The council reports that the production of basic grains has dropped 30 percent as a result of the grave notes-due problem and of the policy adopted by the banks, a policy that keeps farmers from obtaining the financial support they need at this time. (Mexico City Radio Red Network in Spanish 0000 GMT 10 Aug 95)

The Bank of Mexico, Banxico, reported that the amount of coins and bills circulating in Mexico as of 11 August 1995 amounted 47.682 billion new pesos. (Mexico City XEW Television Network in Spanish 0430 GMT 15 Aug 95)

The Central Bank of Mexico purchased Treasury Bonds, Tesobonos, worth $365.6 million, that were due on 17 August, according to a 14 August report datelined Mexico City. The total amount worth of Tesobonos in the hands of Mexican and foreign investors decreased to $3.9883 billion. (Mexico City NOTIMEX in Spanish 0036 GMT 15 Aug 95)

According to labor union secretary general Enrique Pineda, Sidena, National Iron and Steel Company, increased its production capacity by 114 percent and its employment level by 24.8 percent over the past three months. Sidena's total production increased from 700 tons of steel in April to 1,500 in June. Sidena exports 90 percent of its production to U.S. National Casting. (Mexico City LA REFORMA in Spanish 14 Aug 95 — received via Internet)

Oscar Terroba Garza, director of the National Rural Credit Bank (Banrural), reported that Banrural rescheduled portfolios for 560 million of new pesos to benefit 8,546 clients. In June 1995, Banrural paid 18 million new pesos worth of bonus for clients who pay their loans on time or in advance. During the first half of 1995, total loans amounted to 1.949 billion new pesos. (Mexico City LA JORNADA in Spanish 14 Aug 95 — received via Internet)

Pemex, Mexican Petroleum, sold daily an average of 21,300 barrels of plane fuel during the first half of 1995, a 41-percent increase in comparison to the same period last year, according to a 15 August report datelined Mexico City. Pemex's average production of plane fuel was 80,000 barrels per day during the first half of 1995. (Madrid EFE in Spanish 1557 GMT 15 Aug 95)

Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic, Coparmex, said that indicators show postive trends for next October or November, and added that the real economic recovery would be felt by 1996, according to a 15 August report datelined Mexico City. He also estimated that conditions are appropriate for investment projects. (Mexico City NOTIMEX in Spanish 1535 GMT 15 Aug 95)

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Government Grants Residential Concessions in Specific Areas

PA1608152595 Mexico City NOTIMEX in Spanish 2347 GMT 14 Aug 95

[FBIS Translated Text] Mexico City, 14 Aug (NOTIMEX) — Mexico will eliminate the minimum requirements for national and foreign investment, as well as the deadlines for constructing residential concessions [fideicomisos residenciales] in coastal and border areas as of 15 August.

The Mexican Foreign Secretariat issued a communique this afternoon that reports the measure is "evidence of the federal government's will to implement and ease mechanisms that will further Mexico's economic and social development."

According to existing statutes, the Mexican Foreign Secretariat grants, in a discretionary manner, the authorization to build residential concessions in restricted areas, it adds.

Those permissions, known as border and coastal concessions, are granted to credit institutions that will obtain, thus, as fiduciaries, the management of the real estate in those national areas. This measure will allow foreigners to use and take advantage of those resources.

The Mexican Government established an investment table in 1989 that allotted minimum amounts for such concessions, however, to promote the participation of national or foreign assets in those areas, the government has eliminated them to establish the residential concessions.

The measure will be applied in compliance with the guidelines proposed by President Ernesto Zedillo.

Secretariat Expects $80 Billion Exports by End of Year

PA1608191595 Mexico City NOTIMEX in Spanish 2129 GMT 15 Aug 95

[FBIS Translated Text] Guadalajara, 15 Aug (NOTIMEX) — Mexican exports could total $80 billion by the end of the year, Commerce Secretary Herminio Blanco Mendoza said today.

During the "Jalisco Exports" program, he pointed out that exports have become the economy's most dynamic component, after increasing by 32 percent in the first half of 1995.

This 45-percent increase in the export of manufactured goods other than those produced by the maquila [assembly plant sector] is "truly amazing," Blanco Mendoza said before Governor Alberto Cardenas Jimenez and members of the exporting community.

He stressed the "important role" played by foreign trade in lessening the crisis' impact on the employment rate, because at least 1,800 new companies started to export in the first half of 1995.

He committed the federal government to promote the export sector as soon as at least $7 million is available to the National Foreign Trade Bank (Bancomext) to support activities during the second half of 1995.

Roundup of Mexican Economic Developments

PA1708032995

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 16 August 1995.

The secretary of tourism has reported that during the first half of the year, $2 billion entered the country due to an increase in the number of foreign visitors to beach resorts and colonial cities, according to an 11 August report datelined Mexico City. (Mexico City NOTIMEX in Spanish 1601 GMT 11 Aug 95)

Decio de Maria y Campos, undersecretary of foreign trade and foreign investment, has reported that the national assembly plant industry grew by more than 20 percent during the first seven months of the year, according to an 11 August report datelined Mexico City. The official said that during this period, 400 assembly plants were expanded. There are 2,747 assembly plants in the country. (Mexico City NOTIMEX in Spanish 2050 GMT 11 Aug 95)

Mexico's La Laguna region exported 3,660 tons of marble to the United States and Canada during the first half of the year. This export represents 40 percent of the country's total national marble production, according to a 12 August report datelined Mexico City. (Mexico City NOTIMEX in Spanish 2044 GMT 12 Aug 95)

Energy Secretary Ignacio Pichardo announced here today that the government will invest approximately $150 million in the Los Azufres geothermic zone to increase the generation of electricity from 100 to 200 megawatts, according to an 11 August report datelined Mexico City. (Mexico City NOTIMEX in Spanish 0110 GMT 12 Aug 95)

In July, the consumers' price index increased 2.04 percent over the June figure. The Bank of Mexico has noted this is the lowest increase during the first seven months of the year. The accumulated price index increase percentage for the first seven months is 35.63. The Bank of Mexico said the country's foreign exchange reserves on 4 August amounted to $13.267 billion. This is $567 million less than the previous week.

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Argentina

Syrian Delegation Visits Nuclear Facilities

PY1608235295 Buenos Aires LA NACION in Spanish 15 Aug 95 p 11

[FBIS Translated Text] A delegation of Syrian technicians and scientists is visiting Argentina to establish the bases for negotiations leading to the purchase of a nuclear reactor for medicinal purposes. The delegation yesterday met with National Commission for Atomic Energy (CNEA) officials and today will visit the Constituents Atomic Center, located in Buenos Aires suburbs.

The four officials are members of Damascus' official nuclear entity — two of them arrived on 12 August and two on 15 August. They are scheduled to return home this weekend after fulfilling an agenda that includes a visit to the Ezeiza Atomic Center, where they will have lunch, and a visit to Atucha on 17 August.

Guillermo Gonzalez, Foreign Ministry foreign policy under secretary, will receive them tomorrow afternoon. On 18 August the Syrian delegation will meet with officials from other government departments.

There Is Still No Agreement

An EFE report datelined Damascus says the visit of the Syrian delegation follows an agreement with our country for the purchase of a reactor. Foreign Ministry officials, however, told LA NACION that such an agreement does not exist, adding that an agreement could be signed after this visit.

The sources said: "What we have is a Syrian government request for nuclear cooperation and a note issued by Foreign Minister Guido Di Tella in response, according to which Argentina would have no problems with regard to extending its cooperation if Syrian authorities fulfill the safeguards contained in Decree 603 on the peaceful use of nuclear energy and follow other international safeguards."

Angolan President Sends Message to Menem

MB1708083895 Luanda Radio Nacional Network in Portuguese 0600 GMT 17 Aug 95

[FBIS Translated Excerpt] A message from President Jose Eduardo dos Santos was delivered to Argentina President Carlos Menem during an audience with Finance Minister Augusto Tomas and Council of Ministers Secretary Carlos Feijo in Buenos Aires on 16 August. This shows Angola's willingness to strengthen general cooperation with Argentina.

The Angolan Government is looking for assistance, notably financial assistance, to reconstruct the country. In Buenos Aires, the Angolan delegation has met with Argentine Government officials responsible for [words indistinct] commerce and industry, and with businessmen whom it briefed on Angola's ongoing socioeconomic and political reforms. Minister Tomas briefed Argentine Government officials on measures that have been taken in Angola, and on the socioeconomic program for 1995-96. [passage omitted]

Brazilian Finance Minister Holds News Conference

PY1608180195 Buenos Aires TELAM in Spanish 2237 GMT 15 Aug 95

[FBIS Translated Text] Buenos Aires, 15 Aug (TELAM) — Brazilian Finance Minister Pedro Malan today defended economic opening and pointed out that his country and Argentina intend to give momentum to negotiations on a common automotive system so that it may be implemented before 1997.

Malan said: "Mercosur [Common Market of the South] agreements contemplated that an accord on an automotive system would be worked out by 1997. Nevertheless, Brazil and Argentina have agreed that we must accelerate this process and define this system well before 1997."

As for the different positions on the protection of domestic economies, the Brazilian finance minister stated that "with the collapse of the Berlin wall, there is no more room for autarkic national projects" that seek to protect domestic industries or jobs.

The Brazilian finance minister pointed out: "For a long time it has been our belief in Argentina, Brazil, and many other countries that industrial development had to prioritize investments that focused only on the domestic market," and that governments had to protect these investments.

"What was seemingly a good solution has proved to be inapplicable in the medium- and long-term," as "the country may lose its ability to keep up with the rest of the world, which is an increasingly integrated world," he added.

Asked about the remarks made by Brazil's Industry and Commerce Minister Dorothea Werneck, who aired more protectionist views than the ones expressed by the finance minister, Malan replied by playing down those differences.

"I am sure that Dorothea did not vindicate protectionism on a permanent basis to defend industries that will always require government support or protection," he said.

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"She probably said that the government has implemented some temporary or stopgap measures to give impetus to the adaptation process so that the country may become more competitive. This is what happened in Japan as well as in the United States and Europe," he added.

With regard to the differences between Brazil and Argentina over car imports, Malan asserted that "they were nonexistent, and that matter is closed."

[Brazilian Ambassador to Argentina Marcos Castrioto] Azambuja added that the differences "over that event buttressed confidence between us, as it attested to the ability of both countries' presidents and ministers to react with alacrity and in good faith to clear up in a record time this absolutely circumstantial misunderstanding."

Malan, for his part, recalled President Carlos Menem's speech in Asuncion [on the occasion of the Mercosur presidential summit on 5 August] commenting on the process of building the EEC, which started with the creation of the European Coal and Steel Community, and which slowly evolved until its present form."

The Brazilian finance minister indicated: "We hope that the process here will be much more quicker than in Europe since we have all the necessary conditions for doing so."

Malan further stated that it would be in the interest of Mercosur and foreign investors who may set up shop both in Argentina and Brazil to reach agreement on the automotive system before the established deadline and to establish clear rules of the game.

Malan made these remarks during a news conference he called at the Brazilian Embassy in Buenos Aires, accompanied by Ambassador Azambuja, in which he also referred to the problem of unemployment.

The Brazilian finance minister said that the increase in unemployment "is linked to the process of change affecting economic sectors in the medium- and long-term."

He pointed out that thanks to these processes Argentina has managed to maintain convertibility and stability by boosting the productivity of industrial and infrastructure services.

He went on to say that unemployment occurs in some areas as a result "of this modernization process which leads to the replacement of labor with capital through automation and computerization."

"In a dynamic economy, this means that new openings are available in other areas, such as services."

Bolivia

Official Warns About Violence in Chapare

PY1708033495 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 16 Aug 95

[FBIS Translated Text] The forces in the Chapare region are like the famous book "War and Peace."

International Relations Secretary Jaime Aparicio has warned that the U.S. decision to reduce drug enforcement aid may cause uncontrollable violence in the Chapare. He also explained that the drug trafficking problem in Bolivia is basically a social issue.

Commenting on Lee Brown's visit to Bolivia, Aparicio said that the development of true alternative development programs and the eradication of coca crops through a consensus could halt clashes that in the future may be irreversible.

[Begin Aparicio recording] Future violence is the great danger in all of this because we have already found dynamite in the Chapare; there is.... [changes thought] Therefore, this is all part of an international drug trafficking strategy that seeks to involve peasants.

As we ourselves and Mr. Brown have witnessed during the briefing sessions, peasants are not getting any wealthier through this activity. The peasants who are getting involved in this criminal activity are not obtaining great economic benefits, either. The fact is that the drug cartels, and those who mediate in the international drug trafficking business, are purchasing from them a manufactured product. It is obvious that those who obtain the most profits are abroad. [end recording]

According to Aparicio, Bolivia and other Latin American countries must urge consumer countries that also grant aid for drug enforcement programs to reassess their drug enforcement policies.

Unfortunately, these wise words enunciated by Bolivian International Relations Secretary Jaime Apairicio were not heard by Mr. Charlie Brown [name as heard], that is, Mr. Lee Brown.

We hope that the much-publicized shared responsibility policy does not fall on deaf ears.

Bedregal: U.S. Drug Enforcement Aid 'Unjust'

PY1708032295 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 16 Aug 95

[FBIS Translated Text] Guillermo Bedregal, president of the Chamber of Deputies, believes that what is currently happening with the drug enforcement program is truly outrageous. He said that Bolivia makes a far

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greater contribution to the drug enforcement effort than the United States or any other country in the world.

Bedregal was astonished when Lee Brown, director of the U.S. Office of National Drug Control Policy, said that narcotrafficking is an exclusively Bolivian problem and that the United States will not increase its aid.

Criticizing the U.S. attitude, Bedregal said that according to the 1988 Geneva Convention, the shared responsibility principle is proportional to the magnititude of the problem in each country.

Adjusting his glasses and mustache, Guillermo Bedregal said that the Clinton administration is unjust in refusing to increase U.S. aid for the Bolivian drug enforcement program, which is already inflicting a heavy burden on the country and has resulted in a low-attrition war in the Chapare region.

Bedregal said that when he was foreign minister in 1987, industrialized countries did not control the trade of chemical precursors used in the manufacturing of cocaine on the grounds that if they did so, they would be undermining free trade policies.

Showing his expertise as an analyst, Bedregal said that the United States is currently facing a serious domestic problem in view of the conflict of powers it is experiencing between a Republican-dominated Congress, that is, a Congress dominated by the opposition, and a weak Executive Branch, led by the Democrats.

Bedregal expressed support for President Gonzalo Sanchez de Lozada's position upholding the need to combat drug trafficking with or without economic aid because surplus coca crops are used for the manufacturing of cocaine.

Bedregal concluded: An ultimatum does not scare us because, for ethical reasons and the defense of our sovereingty, we are compelled to eradicate surplus coca. This or any other administration has the duty to combat drug trafficking, but not without assistance.

Commentator Views Declining U.S. Aid on Drugs

PY1608165495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 16 Aug 95

[By ERBOL reporter Jorge Jimenez]

[FBIS Translated Excerpt] The U.S. Administration will not add a single penny more for the drug enforcement program. The U.S. anti-drug czar Lee Brown has confirmed that while pressure will increase, economic aid will decrease.

Brown met with President Gonzalo Sanchez de Lozada yesterday to make a general assessment of the situation. He referred to the shared responsibility and to the need to assume a regional strategy to face the criminal gangs who have already extended their tentacles to other nations which are neither producers nor consumers of drugs.

The U.S. proposal is to maintain and even reduce the economic aid and to increase the demands, because it is believed that the resources at hand can be used more efficiently. [passage omitted]

Lee Brown was consulted on his experience during a brief visit to the red region of the Cochabamba tropical region, and about the U.S. tendency to militarize the drug enforcement program. But he evaded an answer to refer only to the inexorable ultimatum.

The U.S. Administration official recalled that every first quarter of the year, U.S. President Clinton must report to Congress on transit countries and countries which are producers and which have supported the drug enforcement program in accordance with U.S. expectations.

Brazil

Economic Coordination Secretary Dallari Resigns

PY1608160395 Sao Paulo AGENCIA ESTADO in Portuguese 1531 GMT 16 Aug 95

[FBIS Translated Text] Brasilia, 16 Aug (AE) — Economic Policy Secretary Jose Roberto Mendonca de Barros will temporarily hold the post of economic coordination secretary in place of Jose Milton Dallari. Dallari tendered his resignation this morning to Finance Minister Pedro Malan.

Denies Charges, Explains Resignation

PY1708020595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 16 Aug 95

[Report by Antonio Carlos Silva at the Brazilian Congress]

[FBIS Translated Text] Economic Coordination Secretary Jose Milton Dallari today announced his resignation during a joint hearing before the Supervision and Control Committee and the Consumers Defense Committee in the Chamber of Deputies.

Dallari appeared before the two congressional committes to answer charges of trafficking in influence and of disclosing priviledged information to the consulting firm Decision. Dallari defended himself by noting that in his office the secretary cannot make any decision on his own.

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[Begin recording] In this type of activity, there can be neither trafficking in influence nor priviledged information because nothing is decided by the secretary alone. Everything is discussed openly, and every governmental guideline is announced prior to being implemented in line with the principle that all government actions should be predictable. I repeat, I was convicted of committing an impossible crime. Despite all this, I am aware that remaining in my post would no longer make sense because it would only entail a major political burden. I realize that there is no alternative other than for me to leave my post. [end recording]

Dallari announced that President Cardoso has already accepted the resignation he tendered early this morning to Finance Minister Pedro Malan.

Cardoso Aborts Central Bank Board Resignation

PY1608213995 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 16 Aug 95

[Video commentary by Miriam Leitao]

[FBIS Translated Text] Last night, as soon as he learned about the Central Bank executive board members' decision to jointly resign, President Fernando Henrique Cardoso summoned them all.

Central Bank President Gustavo Loyola was pretty depressed. Incidentally, over the past few days he has slept with the aid of tranquilizers.

Cardoso took the floor and spoke for two and a half hours. According to a Central Bank official, it was the president in his best style. He was convincing, and gave no opportunity for countering his position.

He explained that it was important for everyone to remain in his post to guarantee the Real Plan. He made an appeal on behalf of the country. He guaranteed that the Economico bank will be reprivatized. Cardoso said he will continue with the austerity policy.

The Central Bank executive board members left the president's residence at 0400 today, after promising to remain in their posts.

Cardoso Urges Congress To Vote on Patents Bill

PY1708013195 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Aug 95 p A5

[By Cesar Felicio]

[FBIS Translated Excerpt] President Fernando Henrique Cardoso asked the Senate on 8 August to speed up the process for voting on the Patents Bill, which has been under debate in Congress for five years.

Cardoso poured his heart out during a speech delivered at the ceremony in which he awarded the "Admiral Alvaro Alberto" prize for sciences.

Pointing out that the government is already negotiating the voting in Congress, he said: "We must eliminate a number of measures that still prevent us from receiving more international cooperation in the scientific field, and we must do it with all the attention and care this issue calls for."

Cardoso also referred to the law controlling export of sensitive substances used for the materiel industry, which the government has recently sent to Congress. This law allows the government to effectively comply with several international political commitments it has made over the last few years, such as the Tlatelolco Treaty (which forbids the use of nuclear weapons in Latin America and the Caribbean), and the Mendoza Declaration (through which Brazil gives up the right to produce, use, or cooperate in the development of chemical or biological weapons). [passage omitted]

Angolan President Meets Cardoso in Sao Paulo

MB1708055095 Luanda TPA Television Network in Portuguese 1930 GMT 16 Aug 95

[FBIS Translated Excerpt] Angolan head of state Jose Eduardo dos Santos, who is touring Brazil, arrived in Sao Paulo today. TPA special correspondent Mariana Ribeiro reports from Brazil:

Angolan President Dos Santos yesterday signed an agreement with his Brazilian counterpart, Fernando Henrique Cardoso, on the rescheduling of Angolan debt to Brazil. The two countries' leaders agreed to extend bilateral cooperation in various economic sectors, especially health, mining, construction, and professional training. At 2030 local time, the Brazilian president hosted a banquet in honor of his Angolan counterpart. The two leaders exchanged presents and speeches speaking of cooperation and friendship ties between the two peoples and governments. [passage omitted]

Signs Joint Cooperation Agreements

MB1608141895 Luanda Radio Nacional Network in Portuguese 1900 GMT 15 Aug 95

[Corrected version of MB1608074995; supplying correct sourceline information]

[FBIS Translated Excerpt] Cooperation between Angola and Brazil is likely to increase. In Brasilia today, presidential delegations from the countries signed two documents — one on increased bilateral cooperation, the other on rescheduling Angola's $1 billion debt to Brazil.

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The documents were signed in the presence of Angolan President Jose Eduardo dos Santos and Fernando Henrique Cardoso, his Brazilian counterpart. [passage omitted]

In terms of the agreement, the Angolan debt will be amortized over 15 years. [passage omitted]

Food, medicine, and other goods will start arriving in Angola on 1 September as a result of the Brazilian Government opening a credit line. Brazilian President Cardoso said the understandings reached during the talks were positive. [passage omitted]

In turn, President Jose Eduardo dos Santos expressed his satisfaction with the results achieved, particularly in the area of the foreign debt. The Angolan head of state noted the two countries share historic ties. [passage omitted]

This evening, the Brazilian head of state will honor his Angolan counterpart with an official banquet. President Santos is scheduled to leave for Sao Paulo tomorrow. [passage omitted]

Leaders View Advantages of New Political Party

PY1708020195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Aug 95 p A8

[By Ana Maria Tahan and Christiane Samarco]

[FBIS Translated Text] Brasilia — Government leaders at Congress have celebrated the establishment of a new political party as something that frees them from slavery. A PSDB [Brazilian Social Democracy Party] leader said: "The government depended on the PMDB [Brazilian Democratic Movement Party] and was waiting for the party's national convention, which will be held in September, to learn whether the PMDB would continue supporting the government and its proposals for the constitutional reform." A PFL [Liberal Front Party] senator agreed: "This fact has been excellent for the government and granted it an alternative to repel any sort of pressure from the PMDB." The senator is certain that now the reforms will be debated more speedily in Congress.

According to analyses, President Fernando Henrique Cardoso has obtained a political alternative to act. If there is a conflict with the PMDB, Cardoso can attract the new "big party" to the proposals the government is interested in. Otherwise, Cardoso can use the PMDB to neutralize the new party's possible greediness for public positions. When told that those supporting the establishment of the new party were simply interested in obtaining first-echelon positions, the PSDB leader in Congress, Senator Sergio Machado (CE [Ceara], said on 11 August: "There will be no cabinet reshuffling for the moment."

President Cardoso's advisers were concerned over disputes for the PMDB presidency. They believe Jader Barbalho's victory could create difficulties for the government in view of his "demanding and bold" character. The government does not like the other candidate, Deputy Paes de Andrade, because he is "too negative" and has rejected all government proposals concerning easing of state monopolies. One of Cardoso's aides said: "If none of the candidates gets one-third of the votes, the new board will not be able to act in a radical manner or it will split the PMDB, whose members can now seek refuge in the new big party."

According to Planalto Palace calculations, the desertion of those who are dissatisfied over the merger of the PPR [Progressive Renewal Party], the PP [Progressive Party], and the PTB [Brazilian Labor Party] into one single party will also be favorable to the government. A PSDB leader bets that "the PSDB and the PFL will be favored and very few will go to the PMDB." A PFL leader agreed: "In addition, it is much easier to negotiate with [PPR President] Esperidiao Amin, whom President Cardoso highly respects, than with several dispersed leaders.

Committee Blames Three Parties for Conflict

PY1708015495 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 16 Aug 95

[FBIS Translated Text] The Human Rights Committee of the Chamber of Deputies has blamed three parties for the conflict between squatters and policemen at Santa Elina Farm, in Corumbiara, south of Rondonia State, in which nine squatters and two policemen were killed.

After reading a report and viewing a video that was filmed by a group of deputies, the committee held Judge (Clodner Pauletto), of Colorado do Oeste, for having authorized the police to conduct the operation early in the morning; the state government for lack of control over the police; and the federal government for not having a policy on land ownership.

The Human Rights Committee will ask the attorney general's office to investigate the case and identify those guilty for executions, torture, and abuse of power.

Budget Proposal For 1996 Outlined

PY1608150995 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Aug 95 p A3

[Article by Rodrigo Mesquita]

[FBIS Translated Text] The government expenses for next year are estimated at 140.3 billion reals [R], while the income will be R141.2 billion (including R9.2 billion from social security contributions). This

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small R900 million surplus will be added to the R2.4 billion from the Workers Support Fund (FAT) and passed to the BNDES [National Bank for Economic and Social Development] together with R1.9 billion from the education allowance [salario educacao]. These surpluses are used for investments, not for expenses. The surplus may reach R5.1 billion and will go into the government investment program which is calculated at R10 billion for 1996.

These figures depend on an innovation by the administration. For the first time the budget proposal that will be sent to Congress is conditioned: To make this budget proposal stick, Congress must approve some bills to increase national income. This is the case of the Financial Operations Contribution [Contribuicao sobre Movimentacao Financeira — CMF] proposed by Health Minister Adib Jatene to pay for the health system deficit, which would raise R6 billion. An adviser of Planning Minister Jose Serra said other new tax proposals could be sent to Congress to meet the specific needs included in the final budget proposal.

This adjustment is being conducted by President Fernando Henrique Cardoso who has been meeting since last week to decide on the innovations. The budget proposal must be submitted to Congress by 31 August.

The payroll of the federal administration for 1996 requires R37.8 billion (including active and retired employees). These Federal Budget Secretariat (SOF) calculations do not include wage hikes for public employees in 1996. They will depend on negotiations begun by the president with the military ministers.

The government is allocating R38.7 billion to pay for social security benefits while the health system has been allocated almost the same as it received in 1995: R13.5 billion. The budget proposal foresees that additional expenses will only be possible through the approval of the CMF by Congress.

Health expenses, which have been allocated $23 billion, are included in services and federal apparatus maintenance (which includes everything from coffee for the ministries to scholarships abroad).

The budget proposal states that constitution-established transfers to the municipalities and states (including participation funds and specific regional programs like funds for the Northeast, North, and Center West regions) will represent R23.1 billion.

Amortization of foreign and domestic debt interests will consume $7.7 billion. This figure is based on expectations that the debt repayment term will be extended through the exchange of domestic debt for foreign debt and a reduction of the interest rates. All the budget figures are based on the prices of April 1995.

Bank Intervention Generates Political Problems

PY1608200895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Aug 95 p 7

[Article by Cristiano Romero]

[FBIS Translated Text] Brasilia — By placing three more banks under trusteeship on 11 August, the Central Bank has created at least two more political problems that must be resolved: the Economico Bank, which affects the government's political support base in Congress, particularly that of Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] and of the Mercantil Bank of Pernambuco, whose owner, Monteiro Filho, is one of the main political partners of Pernambuco Governor Miguel Arraes (PSB-PE) [Brazilian Socialist Party-Pernambuco].

In addition to these two problems, the Central Bank had already been carrying out difficult negotiations with Sao Paulo Governor Mario Covas and Rio de Janeiro Governor Marcello Alencar, both from the PSDB [Brazilian Social Democracy Party], over the fact that the Sao Paulo State Bank (Banespa) and Rio de Janeiro State Bank (Banerj) were placed under trusteeship. These cases demonstrate that when acting as a monetary authority by placing banks under trusteeship, the Central Bank has engaged in complicated political negotiations when dealing with banks that affect the interests of politicians.

In the case of the Economico Bank, Senator Antonio Carlos Magalhaes had been negotiating a solution for the bank since the times of former Central Bank President Persio Arida. At the time it was said in Brasilia that Arida left the Central Bank presidency not because of the political wear down — caused by the charges of leakage of information on the dollar exchange rate in March — but because he had argued with Antonio Carlos Magalhaes over the Economico Bank.

Arida allegedly gave up the Central Bank presidency because he thought such political interference would harm the Real Plan. Civilian Household Chief Clovis Carvalho denied this version of Arida's resignation but he confirmed Magalhaes' interest in finding a "Bahia solution" for the Economico Bank case.

Bahia Solution

— This solution would envisage that the Economico Bank not be placed under trusteeship and that its control stock be held by Bahia businessmen. Magalhaes fears that the century-old Economico Bank will become

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controlled by businessmen from other states. The Central Bank itself had been pursuing this alternative for the past two weeks, but nobody in the private sector wanted to buy the bank.

Streamlining

— Placing the bank under trusteeship does not end the political problems that the Central Bank will have to face from now on. The Central Bank will have to streamline the bank with the purpose of transferring its control from the hands of Angelo Calmon de Sa to new owners. Meanwhile, the Central Bank will negotiate with the private partners of the bank: the Odebrecht, Mariani, Suzano, and Ultra firms which were already interested in taking control of the bank. This means that Magalhaes' struggle to maintain the bank under the control of Bahia businessmen will continue. If these negotiations fail to end in a positive result again, the Central Bank will simply have to close down the bank, subjecting the government to another crisis with its political support base in Congress.

More on 'Crisis' Involving Bahia's Economico Bank

PY1708001095 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 16 aug 95

[FBIS Translated Text] The agreement to lift the intervention in the Economico Bank has provoked a crisis within the government. Central Bank President Gustavo Loyola went as far as tendering his resignation.

The crisis also affected Finance Minister Pedro Malan. Government advisers believe that he should not have traveled to Argentina.

The minister hurried back to Brazil last night. Early today he met with Loyola, who tendered his resignation after an agreement was reached to suspend the intervention in the Economico Bank.

In the opinion of Finance Ministry Executive Secretary Jose Mendonca de Barros, the situation is still unstable.

In Congress, the special finances commission was waiting for the Central Bank president and directors, to listen to their explanations on Bahia's Economico Bank, Pernambuco's Mercantil Bank, and the Sao Paulo Commercial Bank.

The Central Bank asked for postponement of the briefing, claiming that there was no time to gather information.

Pernambuco lawmakers met during the morning to design a proposal to suspend the intervention in Pernambuco's Mercantil Bank as well.

The proposal will be submitted today to the director of the Central Bank Monetary Policy Department.

In the opinion of Finance Ministry advisers, the Central Bank president and directors felt uncomfortable because they were not informed about the details of the agreement to suspend the intervention in the Economico Bank.

The advisers added that the Central Bank officials withdrew their resignations because they were given assurances that technical requirements will be respected, whatever the solution found for the Economico Bank problem.

Despite the discomfort caused by the agreement to restore operations at the Economico Bank, the Central Bank executive board members gave up their decision to resign.

The directors were persuaded to remain in their posts by President Fernando Henrique Cardoso, who emphasized that the Economico Bank will be put under Bahia state control only if the Bahia government gives guarantees that it will obtain money to cover a portion of the bank's liabilities.

A short time ago, during a military ceremony, President Cardoso mentioned the subject, saying that the decision regarding the Economico Bank has not been properly understood.

[Begin Cardoso recording] Not a single penny from the national Treasury will be spent to compensate for obligations that were improperly contracted by irresponsible persons, who did not manage their private businesses in keeping with the confidence placed in them by society. There is no such risk. [end recording]

Economico Bank branches all over Brazil should reopen next week. Economico Bank directors' assets remain embargoed.

Meanwhile, trustee Francisco Flavio Sales Barbosa continues to work on the 10th floor of the bank headquarters. He is preparing the conclusions of a report on the crisis in the bank.

Bank employees have been more cheerful today. The objective now is to restore credibility in the bank, and attract new investment. An advertising campaign has been designed for this purpose.

No decision has yet been made on the date when bank branches will reopen. It is estimated that they will reopen next week.

The bank has not yet been placed under the special temporary management operation. The Bahia govern-

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ment and the Central Bank have not yet announced the names of the new directors.

The expelled directors will be subject to an administrative investigation. They are charged with being responsible for the Economico Bank crisis. Their assets remain embargoed.

Officials: Economico Bank Under Trusteeship

PY1708013495 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 16 Aug 95

[FBIS Translated Text] President Fernando Henrique Cardoso let the press know this afternoon that the Central Bank [BC] intervention in the Economico Bank will be suspended only when the Bahia administration meets the legal and economic requirements to prove that it can manage the bank; otherwise, the intervention will continue.

Presidential spokesman Sergio Amaral stated that President Cardoso today called Bahia Governor Paulo Souto to put the following question to him: Are you aware of all the legal and economic requirements the Bahia administration will have to meet to take control of the Economico Bank, and that the federal administration will not invest a single penny to rescue the bank? Amaral said Souto replied that he was aware.

Amaral also noted that no formal agreement was signed yesterday during the meeting held by President Cardoso and Senator Antonio Carlos Magalhaes. According to Amaral, Magalhaes went to Planalto Palace to thank the president for his willingness to give the Bahia administration a chance to rescue the Economico Bank and to discuss some possibilities. Amaral said that if the Bahia administration fails to supply the required funds and to meet the legal requirements established by the BC, the intervention will not be suspended.

Finally, Amaral said that today's press reports on the intervention are mistaken and that the federal counsel general's office is still studying the Bahia administration's proposal to take control of the Economico Bank.

BC President Gustavo Loyola announced that the Economico Bank needs at least 1.8 billion reals [R] to resume operations in the financial market. Loyola said that the bank at present has a R1.5 billion deficit. Furthermore, the BC believes that the Bahia administration's decision to expropriate the bank's shares has not changed the intervention process. Loyola said he hopes the Bahia administration will obtain the required resources to rescue the bank:

[Begin Loyola recording] The BC hopes that the Bahia administration will obtain the necessary funds, without which there would be no objective conditions for suspending the BC intervention in the Economico Bank. Hence, Francisco Flavio Sales Barbosa continues to serve as trustee of the Economico Bank under Law 6024 and under the trusteeship resolution. [end recording]

Loyola said that payments to holders of savings and checking accounts will be made by no later than 21 August. He noted, however, that payments exceeding R5,000 to each individual will be subject to the availability of funds.

Northeastern Petrochemical Company Privatized

PY1608151095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 16 Aug 95

[FBIS Translated Text] The Northeastern Petrochemical Company, Copene, was privatized on the Rio Stock Exchange yesterday. Norquisa, which already owned 47.59 percent of the voting stock, purchased between six and seven percent of the stock offered yesterday, thereby gaining control the raw material center of the Camacari Petrochemical Center in Bahia State.

Edmar Bacha, president of BNDES [National Bank for Economic and Social Development], considered the results satisfactory. To conclude the privatization of Copene, 11 minority participations have yet to be sold. Negotiations with shareholders are concluding and the government expects to sell at least two of its participations by September.

New Privatization Model Used To Sell BNDES Shares

PY1708013595 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Aug 95 p A6

[By Rodrigo Mesquita and Isabel Versiani]

[FBIS Translated Text] Elena Landau, privatization director of the BNDES [National Bank for Economic and Social Development], said that the privatization of the electricity-producing area will inaugurate a new model for the sale of government shares. The idea is to combine the so-called spray sale of shares with operations for their direct sale to large investors, through the so-called book buildings operations.

The final way in which this will be done will still depend on the private consultants who will be hired by the BNDES to help define the model. Landau added, however, that this is the best alternative to attract foreign capital.

The privatization director points out that there is not enough savings in the country to absorb the electricity-producing area companies. Estimates indicate that the area is worth from 10 billion reals [R] (all shares there

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are in the market, including those in the hands of private investors) to R50 billion (the accounting value of the assets, including Itaipu and the thermonuclear plants that will not be privatized). According to Landau, foreign investment participation is, therefore, fundamental.

A few initial trials with book building (prices adequate to the demand curve) operations were conducted last year, Landau said. On the occasion, the BNDES sold its Cosipa [Sao Paulo Iron and Steel Company], CSN [National Security Council], and Usiminas [Minas Gerais Iron and Steel Mills, Inc.] shares outside the stock market.

The model Landau has been thinking of also has the advantage of being sufficiently flexible to adapt to the characteristics of each one of the companies of the area. Depending on the case, one model or the other can be used or combined in different proportions.

Transmission System

Planning Minister Jose Serra reported on 8 August that the government will not privatize the electricity-area transmission system. Serra made these comments in the company of Mines and Energy Minister Raimundo Brito, during their testimony before the Economic Affairs Committee of the Senate and the Mines and Energy Committee of the Chamber of Deputies. The two committees held a joing meeting to listen to the two ministers' explanations about the sale of electricity-producing enterprises.

Before being sold, the enterprises that comprise the Eletrobras [Brazilian Electric Power Plants, Inc.] will go through the so-called deverticalization process, i.e., will be divided into enterprises that will be responsible for generating, distributing, and transmitting energy. Only the electricity-generating and distributing companies will be privatized. The idea is to maintain the transmitting companies in the hands of the government to ensure competitiveness in electricity generation and distribution. To this extent, the energy-distributing companies will have free access to the generation and transmission of energy.

Mines and Energy Minister Brito also explained that, for the moment, a "transmitting entity" will not be created and that the idea is to expand the National Electricity Transmission System [Sistema Nacional de Transmissao de Eletricidade — Sintrel], which already exists, by adding other concessionaries to it. According to Brito, in addition to the transmission area, the thermonuclear plants, which are protected by the Constitution, and the Itaipu dam, which cannot be sold because it is binational, will not be privatized, either.

These definitions are included in the terms of reference for the privatization of the area. The document — which is being drafted by an interministerial committee comprised of experts of the Mines and Energy Ministry, the Finance Ministry, and the Planning Ministry — will be analyzed by the National Privatization Council before the end of the month. After it is approved, the BNDES will use the report contents as the basis for hiring the consulting firms that will assist the bank in drafting a final model for the sale of shares.

In his speech, Serra said that privatization of the electricity area will not only allow the government to reduce its public debt and save some of its managerial capacity, but also be fundamental to attract resources for the area. Brito explained that to ensure the participation of private capital in the area, the government is concerned about establishing conditions that will guarantee the solvency of the electricity-distributing companies. According to the minister, the Sao Paulo companies alone currently have a debt of R2.8 billion.

Brito said that the rules on public utility rates will be clearly defined in order "to inspire confidence among investors, in addition to disciplining the services."

Contract Failures Jeopardize Financial System

PY1608151295 Rio de Janeiro O GLOBO in Portuguese 13 Aug 95 p 50

[FBIS Translated Text] The intervention of the Economico Bank proves the Brazilian financial system is going through a difficult period. Nonfulfillment of contracts in the economy, which have been increasing since the beginning of the year, will continue to produce harmful effects on the market. Financial sources have said the financial system will now be more cautious in connection with banks and enterprises that might experience a situation similar to that of the Economico Bank.

This cautious attitude is justified by the crises in other Latin American countries like Mexico, where large banks went bankrupt. The main problem faced by those institutions is linked with credits granted with insufficient guarantees, following a sudden drop in the inflation rate within the economic stabilization process.

Austin Asis consultant Alberto Borges Matias said: "Brazilian banks did not know how to grant credits, but now they are being compelled to learn."

The nonfulfillment of contracts has a domino effect on the economy. First, Matias says, individuals have difficulties honoring their obligations. Next, the commercial sector faces problems, which end up spreading to the industrial sector. The banks cannot remain outside this process.

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The enterprises and banks that had management problems before implementation of the Real Plan — like the Economico Bank and Mesbla — are the first to be affected.

Matias noted that, within the commercial sector, the average nonfulfillment of contracts stands at 30 percent, and among banks at 4.5 percent. This second figure is reportedly growing and will reach seven percent. The consultant emphasized that nonfulfillment of contracts will cause losses worth nine billion reals [R] within the financial market. In 1994, these losses stood at R3 billion.

The Economico, the Mercantil, and the Sao Paulo Commercial Banks are the only ones that had for a long time used rediscounts, which are daily loans from the Central Bank's liquidity support system. For this reason, BC President Gustavo Loyola considered them isolated cases.

He said: "Banks are enterprises and they run risks, but there are no risks to the financial system as a whole."

Loyola did not rule out the possibility of a direct liquidation of the Economico Bank in the future. The two small banks that were put under BC intervention on 12 August had been using rediscounts in order to make their compulsory deposits at the BC. The Mercantil Bank compulsory deposit was R60 million, while that of the Sao Paulo Commercial Bank was R6 million. Loyola said those who seek to collect money from those banks, even from savings and checking accounts, will need patience and have to wait. There are no guarantees on other investments.

Governor Blames BC Head for State Bank Crisis

PY1608152595 Sao Paulo AGENCIA ESTADO in Portuguese 2200 GMT 15 Aug 95

[By Isabel Braga]

[FBIS Translated Text] Brasilia, 15 Aug (AE) — Sao Paulo Governor Mario Covas (PSDB) [Brazilian Social Democracy Party], today criticized the Central Bank [BC] action in connection with Banespa [Sao Paulo State Bank], which has been under intervention for seven months. "Banespa's problem is its debt to the state," Covas said. "This debt was incurred eight years ago, when the Central Bank was already operating," he continued. In a meeting today with the PSDB bloc of the Chamber of Deputies, Covas blamed the BC for BANESPA's dramatic situation. "The situation developed a long time ago and I am entitled to speak out about it. It happened under his nose, but he didn't do anything about it," Covas said, alluding to the BC president.

When the intervention was decreed on 29 December 1994, the BC president was current Finance Minister Pedro Malan. "When I took over, the state owed 11 billion reals [R] to Banespa; this situation should have been under BC supervision," Covas said.

The meeting was held behind closed doors, but from the outside it was possible to hear some remarks by Covas, who was pretty irritated. "If it had been possible, I would have turned to the courts to protest the intervention because I did not agree with it," he claimed. "But they could have enforced this law at an earlier date," he noted.

The lawmakers did not confirm whether Covas' criticism was aimed at Pedro Malan, but they said that the governor was alluding to the BC presidents of the past few years. "Many of them, who were BC presidents during the Quercia and Fleury administrations, are already being prosecuted," Deputy Zulaie Cobra (SP) [Sao Paulo] said. According to a PSDB deputy, the governor recalled that one third of Banespa's debt, in the form of loans to the state government, was endorsed by the BC.

At the meeting with the PSDB bloc, the governor said that with an austere administration he managed to make the State Savings Fund register a R38-million surplus in the first half of the year. He added he still has trouble with public finances and that the state's total debt amounts to R50 billion. Not even the record Goods and Services Movement Tax revenues can solve the problem of public coffers. "The payroll of 942,000 servants accounts for 93 percent of ICM revenues," he continued. Covas once again advocated an administrative reform to correct distortions like those of public servant salaries ranging from R200 to R30,000.

Chile

Pinochet on Efforts To Solve Civilian-Military 'Problems'

PY1608114195 Santiago EL MERCURIO in Spanish 12 Aug 95 pp C1, C8

[FBIS Translated Excerpt] Army Commander General Augusto Pinochet said yesterday that the Army, the Defense Ministry, and the government are seeking, in an "honest and friendly" manner, a solution to the "serious problems" affecting civilian-military relations.

In a brief speech before approximately 800 people during a luncheon given by Army friends to honor the institution at the "La Ponderosa" tourist resort in Colina, General Pinochet reiterated the need to put a final end to the problems affecting the Army and the country.

General Pinochet also thanked those who voiced the need to put an end to "resentment and hate," which,

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he said, did not come from military personnel or their closest friends, but from those who "comprehensibly" have problems with the Army.

On this issue he said, however, without adding major details, that he has many files about "things" which, if he hands them over to the courts, would create many problems. He further noted that he decided not to turn over the files because "the fatherland comes first, and we come afterward."

Pinochet pointed out that the current problems are not between civilians and military personnel but between some politicians and the Armed Forces. He added that "the (Defense) Ministry and myself, and the government are honestly, in a friendly manner, since we are all friendly, seeking a solution to the serious problems." [passage omitted]

The fact that General Pinochet, in his speech, said for the first time that the demands concerning the human rights issue made to the Army by various sectors were "comprehensible" was also labeled as one more sign of relaxation between the parties. [passage omitted]

General Pinochet delivered his remarks in a low, almost whispering, tone, without losing his moderate and slow method of speech.

In the impromptu talk, General Pinochet expressed thanks for the invitation by the Army circle of friends. He was interrupted with applause several times. This is what he said:

"Gentlemen, I am only getting up to thank you for your gesture toward the Army ... You are the friends of the Army, the ones who know the Army.

"This is the institution I love so much ... I have been serving it for 64 years ... I gave my life to the Army; I fulfilled the missions entrusted to me, and with pleasure I was able to hand over a dignified country.

"I only want to add that voices in support of the institution have emerged. They want an end to resentment and hate ... which did not come from military personnel or their friends.

"They came, comprehensibly, from those who have some problems with the Army. But that must come to an end once and for all.

"I could say many things. I have files and files of things which, if I give them to the courts, would also create problems ... but this goes against my spirit, because the fatherland comes first and we come afterward.

"I have given everything to my country, like every Chilean soldier gives to the fatherland, like the friends of soldiers who give to the fatherland.

"I would only like to add ... that those who say there is no friendship between civilians and military personnel are wrong. All of you here, this group of men, show the contrary. They show their friendship for the Armed Forces, for the Army, which I believe to be a permanent friendship.

"Therefore, it is not right to talk about the unfriendly relations between civilians and military personnel.

"The problem is that military men — I mean the problem is of some politicians against military personnel.

"You now are proving, you are denying, that belief because it is not true. Civilians are not enemies of military personnel because civilians are the ones who make up the Armed Forces, the Army, and they have shown it in the struggles in which we were engaged.

"My government was not a one hundred percent military government. The way I planned it, it was a civilian-military government. Many civilians participated in the government, and we all struggled, without exception, to move the country ahead.

"It is not a civilian-military struggle ... only some politicians want to struggle against military personnel ... That is all it is.

"The ministry and myself, and the government are honestly, in a friendly manner, as we are all friendly, seeking a solution to the serious problems ... which are not threatening us but others. Thank you." [passage omitted]

Government, Opposition Discuss Human Rights

PY1608185695 Santiago EL MERCURIO in Spanish 11 Aug 95 pp A1, A16

[FBIS Translated Text] Jose Joaquin Brunner, minister secretary general of government, yesterday disclosed that the executive branch has held a series of informal meetings with the opposition to explore the possibility of an agreement on a broad agenda that includes human rights and the constitutional reform promoted by the Coalition of Parties for Democracy [CPPD].

The opposition refuses to include the constitutional reforms in the negotiations regarding human rights and this is why the answer of that sector provoked great expectations.

However, Jovino Novoa, chairman of the Independent Democratic Union [UDI], yesterday expressed his party's rejection of an agenda of this nature. Novoa stressed that the opposition's proposal regarding an amnesty — currently in the hands of the Senate's Constitutional Commission — is the adequate framework to solve the human rights problem.

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Brunner said the CPPD believes there are three pending issues that should be resolved under President Frei's administration: To determine the whereabouts of the arrested-missing; to conclude pending trials involving military men; and to discuss the interpretation and application of the 1978 Amnesty Law.

He added that the government believes the pending issues in the political field is the need for the president to recover his historic prerogatives in the defense field and to revise and improve some institutions. This last point includes changes in the membership and functions of the National Security Council and the Constitutional Court as well as the elimination of designated senators.

Prior to any dialogue, the Socialist Party [PS] and the Party for Democracy [PPD] also demand that General Manuel Contreras, retired, who was sentenced to seven years for the murder of Orlando Letelier, serve his sentence in Punta Peuco prison where former Brigadier Pedro Espinoza is imprisoned following a Supreme Court sentence of six years for the murder of the then Popular Unity foreign minister.

Deputy Jorge Schaulsohn, CPPD coordinator and PPD chairman, yesterday lunched with Defense Minister Edmundo Perez Yoma to discuss these subjects.

Schaulsohn is making great efforts for a broad agreement among the opposition, government, and the CPPD to help tackle the subjects on the agenda.

The meeting held on 8 August at Schaulsohn's apartment falls within this context. Andres Allamand, chairman of the National Renewal Party [RN]; UDI Chairman Jovino Novoa; Alejandro Foxley, chairman of the Christian Democratic Party [PDC], and Jaime Campos, vice chairman of the Radical Socialist Democratic Party attended this meeting. PS Chairman Deputy Camilo Escalona did not attend.

The strained atmosphere within the political field was triggered by the Supreme Court ruling on 30 May, sentencing Contreras and Espinoza and reopening of the case regarding the death of Spanish diplomat Camilo Soria. This atmosphere between politicians and the military peaked during a meeting by a group of military officers outside the Punta Peuco prison.

This demonstration in support of former Brigadier Espinoza on 22 July was followed by a meeting between Army Commander General Pinochet and President Frei, after which the government-military relationship became more relaxed. The military commander also made what was regarded a conciliatory address to members of the Santiago garrison.

A political debate thus surfaced regarding a solution to the pending trials of military men, which in the governing parties' opinion represents to most comprehensive subject of human rights. Beside this is the subject of the political-institutional reforms.

Yesterday Brunner explained that meetings with the opposition were held in Santiago and Valparaiso behind closed doors.

Ministers of the political area, RN and UDI leaders, and legislators of these two parties participated in these meetings.

Brunner, who disclosed that this subject was discussed during the inter-ministerial Political Committee meeting in La Moneda, said: "During these past 48 hours there have been several meetings."

As for the government's participation in discussions regarding the opposition's proposal for the human rights issue and the Amnesty Law, Brunner said the reaction by RN and UDI legislators to the fact that government authorities did not attend the session on 9 August was exaggerated.

Brunner said the government wants to learn all opinions that may surface within the Constitution, Legislation, Justice, and Rules Commission of the Senate, where the draft bill is being discussed, to be able to make its own juridical assessment of the draft bill at the end of the debate.

Brunner said yesterday that the opposition proposal looks like a "reparation law" which, in the government's opinion, is not the right way to reach agreement.

Brunner insisted that the government will go to the Senate whenever it deems it appropriate, although it feels there is no rush because it will not accept anyone pressuring it.

The government believes it is not the right moment to adopt a definite stance on paths for a solution to the problem of human rights and the arrested-missing.

PS Chairman Deputy Camilo Escalona ratified that the governing parties are awaiting the RN and UDI answer to their proposal to simultaneously tackle the problem of human rights and the institutional reforms because both subject belong to the process of a transition towards democracy.

In exchange, the PS and PPD are willing to search for legal solutions to the pending cases involving military men. Although they did not specify how, these solutions are allegedly designed to expedite the legal proceedings through the appointment of special judges for this purpose.

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For this they demand as an indispensable requirement that Gen. Manuel Contreras, retired, begin his sentence at the Punta Peuco prison.

Escalona, together with PS Deputies Isabel Allende and Sergio Aguilo, and PS Secretary Osvaldo Andrade yesterday visited Alejandro Gonzalez, head of the Reconciliation Corporation.

Escalona ratified that the socialists are all for a broad agenda because they believe the subject of human rights and constitutional reforms must be tackled simultaneously because they are part of an unfinished transition, although they must be discussed separately.

UDI Chairman Jovino Novoa yesterday reiterated that he rejects the CPPD's proposal linking the subject of human rights with the political-institutional reforms. Novoa said they are different subjects that must be discussed separately on merit.

He said the Unity for Chile movement has a full, comprehensive, and sensible proposal to solve the problem of pending cases of violation of human rights involving military men but regretted the fact that they have still not received a clear and positive indication from the CPPD that will contribute to making progress in this field.

He added the opposition proposal being debated within the Senate represents an adequate framework to seek an understanding that will tackle problems like the pending trials and determine the whereabouts of the arrested-missing people.

In remarks to Congress, Novoa stressed that the opposition has not accepted the CPPD proposal to discuss a "broad agenda" and believes that leaders like the PPD chairman have mistaken the good manners to listen to a proposal, with a sign of acceptance "that obviously has not been given."

He said the government and the CPPD that backs it have adopted a stance that makes reaching an agreement difficult. He asserted, however, that the Unity for Chile will exhaust the means to reach an agreement and in that in this spirit it postponed voting for the draft bill in the Senate's Constitution Committee, awaiting greater willingness to approve it.

He said the opposition hoped that, within the framework of this legal initiative, signs or proposals that would contributed to the objectives of its purpose would surface.

In view of the CPPD's determination to propose a comprehensive agenda for negotiation, he said that one cannot condition things that have nothing in common. Novoa said: "We believe that for the time being the important thing is to try to make progress regarding the human rights cases because if this is possible the scenario will be quite different."

He warned, however, that if a solution to the subject is not found it will be the government's fault and, especially, the president of the Republic's fault because the opposition has made every effort possible in this direction.

Novoa insisted that the CPPD seeks to establish a sort of exchange between the human rights and political reform subjects which he rejected emphatically.

He ruled out the possibility of consulting the citizenry about the subject through a plebiscite because, in his opinion, this would reveal the incapacity and lack of decision of politicians to solve the great national problems.

Colombia

'State of Internal Disturbance' Discussed

Declaration Planned

PA1608191895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1750 GMT 16 Aug 95

[FBIS Translated Text] This is a special last minute bulletin. Attention. This station has just learned about important decisions that the government of President Ernesto Samper will make in a few hours. A state of internal disturbance [conmocion intera] will be decreed this afternoon as part of the Samper government's fight against violence.

Several measures can be taken only if an internal disturbance decree is in force. Some of these measures are related to the situation in prisons and will be applied particularly to inmates who attempt to escape or in fact escape, as happened recently with two National Liberation Army leaders.

The government will also decree as much as 80 years imprisonment for those responsible for kidnappings, minors' rapes, and mass killings, such as took place in Chigorodo, Apartado, and Carepa in Antioquia's Uraba region over the previous weekend.

Caracol has just confirmed that the government's top-most leaders are considering reinstating extradition, to be applied in particular to drug traffickers at present detained and on whom evidence can be produced that they have continued to violate the law in one way or another from within their prison walls.

In addition, Caracol has just confirmed from sources at the Narino Palace that, as the result of measures to be

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decreed after 1500 this afternoon when Samper will sign the Great National Agreement Against Violence, there will be a ministerial reshuffling. Caracol has confirmed that this reshuffling, which will not be a general cabinet crisis, will occur in two or three weeks. A cabinet, described as one of national unity against violence, will be created.

Attention. Caracol has just learned that the following persons are being considered by the executive for various positions.

Sabas Pretelt de la Vega, current FENALCO [National Federation of Businessmen] president; Cesar Tejar, who was president of the Association of Colombian Farmers until a couple of weeks ago; building businessman Pedro Gomez Barrero; Carlos Lleras de la Fuente, who would be brought from Washington to reinforce the cabinet; Alberto Casas Santamaria, former ambassador and former communications minister; Roberto Combo, journalist, lawyer, member of the Viva FM Caracol Estereo radio station, columnist in the weekly SEMANA, and director of a television program; union leader Orlando Obregon, president of the United Workers Trade Union Federation; and Alvaro Uribe Velez, current Antioquia governor.

May I repeat that these changes will be made in two or three weeks? Sectors currently not participating in the executive will now play a role in it. These changes have nothing to do with the political situation, except for the case of a Conservative Party member, Dr. Casas, because the Conservative Party will be reinforced with one more member in the cabinet.

There would be changes in the following ministries. One of them is the Foreign Ministry. If this change takes place, Rodrigo Pardo, the current foreign minister, would be appointed communications minister. Carlos Lleras de la Fuente, the present ambassador to Washington, would hold the justice minister post. Nestor Humberto Martinez Neira would be designated ambassador to Washington. Before being appointed minister, he held the post of governor of the Inter-American Development Bank.

Furthermore, this station has learned that a businessman will probably be appointed finance minister. Businessmen would be represented in the national unity cabinet by one or two of the sector's most prominent representatives, probably leaders Orlando Obregon de la Cuz and Mario de J. Valderrama.

Samper Addresses Nation

PA1608224095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2034 GMT 16 Aug 95

[Address to the nation by Colombian President Ernesto Samper from Narino Palace in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Messrs. Presidents of the Congress of the Republic, Chamber of Representatives, Constitutional Court, and State Council, Mr. Prosecutor General of the Nation, Messrs. Ministers, Mr. Secretary General of the Presidency, Messrs. Admirals, Generals, Force Commanders, Police Director General, Mr. Attorney General of the Nation, Mr. Human Rights Ombudsman, Mr. Comptroller General of the Republic, Messrs. Congressmen, Messrs. Magistrates of the Supreme Court of Justice, Constitutional Court, and the High Council of the Judiciary, Messrs. State Advisers, Messrs. members of the Liberal Party [PL] National Directorate, Messrs. members of the Conservative Party National Directorate, Messrs. member of the Alliance for Colombia National Directorate, Messrs. former PL ministers, Messrs. members of the economic society and friends of the country, Messrs. rectors of universities, Messrs. former ministers, Messrs. businessmen, Messrs. representatives of Nongovernmental Organizations, Messrs. representatives of business groups, Messrs. representatives of labor unions, civilian, military, and church authorities, special guests, Jacquin, ladies and gentlemen.

I begin by thanking you for your presence this afternoon here, at Narino Palace, which is the palace of all the Colombians. It would be difficult to find other times like this, when there exist in Colombia so many and so dangerous factors for institutional disturbance. Some have naively tried to reduce the core of the crisis to an alleged confrontation between the government and the Office of the Prosecutor General of the Republic over the so-called Process 8,000.

I wish to state quite clearly this confrontation does not exist. The government has supported and will continue to support the work carried out by the Office of the Prosecutor General of the Republic until the truth becomes known and justice prevails, because the government is the one most interested in having this happen and having it happen as soon as possible.

The government has also requested, because that is its constitutional duty, that all these investigations and all the investigations against any citizen, be carried out respecting the right to a fair trial and without any morbid interest that turns the media into court rooms to punish

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culprits or absolve innocent people without a proper trial.

Given the current situation, I issue an appeal, as president of the Colombians, for serenity and wisdom — serenity and wisdom on the part of the public, to let justice prevail; serenity and wisdom on the part of the investigators and judges, so they carry out their tasks with discretion and efficiency, with the government's support; serenity and wisdom on the part of the businessmen, workers, and investors, so they continue to believe in this economy, which continues firm as a rock despite difficulties; serenity and wisdom so the media guarantees, without renouncing their responsibility to report, the right to privacy and the defense of those committed to investigations and processes; serenity and wisdom also on the part of all the social groups, so they continue to defend their just hopes for changes, without resorting to intimidation or rebellion.

To adopt decisions serenely does not mean that we are afraid. What Colombia needs today is a good dose of tranquility that will allow us to reach more agreements such as the one we have signed here today, that will enable us to join efforts against violence.

There is no, I repeat, no major phenomenon today, that demands more collective commitment to struggle against it, as the violence phenomenon. Just this past weekend alone, 24 persons were massacred in the region of Uraba. A few hours before, guerrilla groups operating in Miraflores fired against an aircraft transporting civilians and protected by the Red Cross. One week ago, a child rapist who had been released from prison a few days before, committed the same crime again, this time against a child, barely five years old. In the past six months, nearly 19,450 individuals, listen carefully, 19,450 Colombians have lost their lives as result of violent crimes. To this bloodcurdling figures we still have to add the more than 700 kidnappings that have taken place since the year began.

A recent study made public by the Ministry of Justice shows that of every 100 cases dealing with lack of citizen's safety that are handled at the various police stations, only three ever get to trial. In other words, 97 percent of all cases go unpunished. This situation of generalized violence cannot continue. We cannot allow it to continue. What worries most is that, overwhelmed by all these violence events, we Colombians might just be getting used to living with violence.

As president, I do not intend to stand idle while criminals, subversives, drug traffickers, or corrupt and immoral elements try to takeover and control the country. Neither will I allow everyone to go around with a weapon in their hands imposing their own brand of justice to their fellow countryman.

For the past months now, the government has been analyzing an all-out strategy to counter the violence problem. A strategy so all-out that, as relates to drug trafficking, allowed us to end with the Cali cartel this past 6 February. It also allowed us to eradicate 20,000 hectares of illegal crops, and to control major drug shipment sites, as well as to finally implement a fundamental legislation against laundering of funds originating from illegal activities.

During the numerous discussions that preceded the enactment of these measures, there was always the need to make the country understand that in no case can the struggle against violence be reduced only to efforts by the government. The task of ensuring that Colombia can live in peace is the responsibility of all Colombians. No one can refuse to contribute their respective grain of sand to the formidable challenge of building the major structure of a new form of democratic coexistent. That is the main reason, and motivation of the summon which you have all decided to attend this afternoon.

We are not here to throw any smoke screens, but to unveil screens of truth and measures to struggle against violence which is a problem that poses nothing more or less than a dilemma of life or death. There are those who believe that the government should not even think, talk, of adopt measures around a single issue, but the government also believes that it has the right to think, talk, and adopt measures in terms of the interests of the majority of Colombians who only ask nowadays for security, work, housing, education, access to financing, and political reforms.

That is precisely what my duty as a president is, and of course I will continue dedicating all my efforts toward that end until the last minute on 7 August 1998.

As I have stated repeatedly, my commitment is with the people, with the millions of Colombians who are waiting for their first opportunity in life. I know that some people do not share my priorities, and I sincerely regret it. They will have another chance to try their own recipes. We will continue with the social solidarity network, with the social pact, employment programs, the plan of equity for women, because those are also antidotes against violence.

I disagree with those who believe Colombians are doomed to live in violence; that killing, offending, or hurting ourselves is part of a curse that already has condemned us to learn to live amid violence. Together we can and must defeat violence.

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Despite my government's goodwill to reach a political solution for the problem of armed violence, I must stress that the generous gestures of peace made by the government during the past year have been answered by the rebels with warmongering actions. It worries me that subversive groups may have interpreted the generosity of the peace offers presented by the government as a sign of weakness, and that they may have misinterpreted the desire for reconciliation as excessive tolerance.

My constitutional duty is to seek peace. This commitment is as clear and firm as the commitment and obligation to maintain order. Without reducing its support for peace initiatives as the Rapprochement Commission [Comision de Aproximacion] proposed this week by the Colombian Episcopal Conference, or the Reconciliation Commission recently proposed by the government, or the Permanent Forum for Peace convoked by social organizations, the government will intensify its military presence in areas where the armed conflict is causing obvious conditions of political destabilization and social costs.

At a meeting held last Friday with the top military commanders who are present here, it was agreed that in the immediate future military actions will be measured according to results, of specific and significant results. We will fight paramilitary groups with the same determination, until the state recovers its legitimate monopoly of force.

In implementing the recently approved anticorruption law, a specialized team will be created to detect the sources and goods financing subversive activities, in order to freeze their accounts here and abroad and expropriate or invalidate their ownership of properties acquired through illegal activities. New funds will be allocated for intelligence operations to search for the leaders of guerrilla organizations, just like the ones successfully carried out against drug trafficking organizations.

The new policy will not be a hard-line or scorched earth policy, but one of intelligence. Military presence will be complemented with specific actions by the solidarity network and efforts to achieve democratic coexistence, as the ones implemented in Aguachica with good results.

The Council of Ministers, which met today, approved the declaration of the state of internal disturbance to proceed to issue an important package of measures. They are measures to confront the most difficult crimes and those that occur most often; measures to stave off the penitentiary emergency; measures to initiate a frontal offensive against citizen insecurity; measures to protect innocent minors and punish juvenile delinquents; measures to clear the administration of justice; and measures to promote citizen participation in the struggle against violence.

Without precluding the explanations on those norms that are to be given by the ministers of the corresponding areas, allow me to highlight a few of the provisions agreed at the Council of Ministers today.

Criminal organization is classified as a crime and will receive sentences of up to 60 years; the maximum sentence authorized by our Constitution in a state of exception. Although this sentence practically constitutes a life sentence, the government will present for the consideration of the Congress, a constitutional reform proposal to establish life sentence for atrocious crimes. The only way to eradicate this type of criminal conduct, which is deeply hurting Colombian society, forever is taking a firm stand on the punishment we are willing to give to the people who commit such crimes. The maximum punishment will forever deprive them of the same freedom they took away from the people they kidnapped or massacred.

We cannot continue to celebrate events such as the ones that took place in Uraba. To ensure the arrest and exemplary punishment of those who are responsible for massacres, we will apply strategies similar to the ones that proved to be successful in our operations against the Cali cartel. We will offer rewards through the media to those who give us information that will allow us to end with such shameful episodes once and for all.

In addition, the government considers it is indispensable to have the active participation of our citizens in the struggle against violence. That is why we will specifically regulate the development of rural vigilance associations [word indistinct] to allow the citizens and the authorities of each region to unite and jointly combat the kidnappings, extortion, and collection of protection money to which they are being subjected. Those associations will center their activities exclusively, I repeat exclusively, in intelligence and communications actions.

The package of measures to be issued in forthcoming days will also include the establishment of a presidential program to combat kidnapping activities. I will personally assume the supervision of the policies to be implemented so as to obtain the necessary results against this scourge that has sown terror in our rural and urban areas as soon as possible. The Anti-Kidnapping Council will assume this very serious responsibility.

We establish strict controls in the operation of the penitentiary system and they are to be complemented shortly with drastic penitentiary measures that will punish the escape of prisoners and will also punish, in an equally exemplary manner, the government employees

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who participate in such actions. The person who escapes or tries to do so will automatically lose all his legal and penitentiary benefits. The public employee who helps him in this action will go to jail for up to 12 years.

No other reality is as devastating as citizen insecurity. We are not going to allow criminals to continue to walk on the streets of our cities as if they owned them.

I have given out instructions to develop new procedures for fighting urban crime, to get the Police Search Bloc to move from Cali to Santa Fe de Bogota so that we can start an unprecedented action to surgically clean the criminal mafias in Santa Fe de Bogota. We will carry out these actions wherever it is necessary in the future.

Today, we are turning over to the criminal court judges the special cases that may arise, starting tomorrow, and that up until today were the jurisdiction of the police inspectors.

The crimes that adversely affect citizens the most such as theft and personal injury will no longer remain unpunished, and its perpetrators will not run free in the streets protected under the umbrella of impunity.

Minors between 14 and 18 years of age, who prove they have the sufficient maturity to commit crimes, will be treated and punished like adult criminals. Jail treatment to resocialize criminals will continue to be carried out by the Colombian Family Welfare Institute.

As you can see, this is an ambitious set of measures to wage a frontal war against crime, to restore order in our prisons, and to reflect in the system of punishment the desire of the entire Colombian society to have a stronger hand against criminals. We also want to demonstrate that this country belongs to honest people, to the hardworking people, and to the faithful.

Dear friends, I thank you and I am pleased to receive the enthusiastic support given to this call against violence. A follow-up committee, the constitution of which has already been drafted, will be in charge of preventing this and other initiatives in the future from becoming dead letter.

A year ago I made the personal decision to dismantle the Cali Cartel, this year I have proudly shown the world with pride and dignity that we have achieved it without firing a single shot and without ending the life of a single innocent person.

Today, we assume, with this same determination, the commitment to make progress in the eradication of violence. We will achieve it with your support. Together we will eradicate violence in Colombia. Together we will defeat impunity, together we will demonstrate that crime does not pay. Together we will build a united Colombia ready to fight violence.

Someone said that lives of men were woven with the white wool of hope or the black wool of fear. What I want for all Colombians, especially for our sons, is that their fate be woven only with the white wool of hope. This hope is the hope of a country without violence. Thank you very much.

Government on Fighting Violence

PA1608222795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2026 GMT 16 Aug 95

[Communique issued by the Government of Colombia, read by an unidentified speaker at the Gobelinos Room at Narino Palace in Santa Fe de Bogota — live relay]

[FBIS Translated Text] [Words indistinct] have exasperated the national public. Common crimes are being committed with impunity. The time to put an end to insecurity in our streets and our countryside has come. We, in no way whatsoever, will accept the conclusion that we have no option but to live with kidnappings, civil rights violations, and the murders of the best Colombians and our dearest people.

The guerrillas' actions [words indistinct] their most aberrant practices in 40 years. Instead of heeding the generous call the government made to keep open the doors of dialogue, they have opted to increase their violent actions.

A crusade against corruption. We support the actions of the national government aimed at combating and doing away with all forms of corruption. Corrupt practices have become the worst source of violence [words indistinct] the institutions' operations and creativity have also become the worst threat against political stability.

We have praised Congress' recent approval of the anticorruption statutes, and we commit all our efforts to their swift enforcement.

An overall strategy against drug trafficking. The overall fight against drug trafficking must go on in an effort to consolidate the achievements of the national government and authorities when they disbanded the leadership of the Cali Cartel. Colombian society must prevent, at all costs, the large international demand existing in the North America, European, and Asian markets which could instigate the creation of new organizations supplying illegal drugs. We support international policies aimed at respecting national dignity and binding the entire community of nations in a head-on fight against consumption, money laundering, and the use of precursor chemicals.

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Social investments. We are aware that any effort to bring peace to Colombia requires a major investment in our people. The eradication of abject poverty, the promotion of education, the expansion and improvement of health services, the construction of dignified homes, the development of the countryside, and the creation of jobs for a larger number of compatriots are the objectives we are supporting in this national call against violence. We support the government efforts to develop the regions and the poorest population segments by opening new and better opportunities for progress and social justice.

The Time for Justice. Finally, this is the time for justice. Never had the work of our judicial branch been so closely tied to the future and consolidation of our political system as it is now. We support the position taken by the Prosecutor General's Office and the proposal of the President of the Republic on the need for the government and the Prosecutor General's Office, given the necessary autonomy of public branches, to work harmoniously in their task of severely punishing criminals and acquitting innocent people.

We also believe that the Prosecutor General's Office and the other organizations, as stipulated by legal norms, will do justice. They will conduct all the investigations in a swift, impartial, and objective fashion. The actions of justice, along with the actions authorities have carried out so far, will always show that Colombia is not fertile gound for the actions of drug traffickers or any other form of organized crime.

Media duties. We call on the media to support the commitment to end violence in Colombia. Respecting the laws, verifying sources, adhering to the secrecy of legal processes, self-censorship, and social responsibility must, at this crucial time for Colombia, be above the legitimate competition for information.

Support for the Actions of the Armed Forces. We support the actions of the Armed Forces against the many forms of crime and violence. We also trust in the prompt execution of the plans and programs of the national government aimed at achieving its modernization and improving its effectiveness. We also understand that the actions of the Armed Forces must defend, above anything else, the institution of democracy, based on the protection and defense of human rights. In this regard, we support the policies implemented by the government to prevent, fight, and curtail any violation of human rights in Colombia. With the determination and effectiveness with which authorities disbanded the leadership of the Cali Cartel, it is now time to fight against all forms of criminal organizations and end their criminal actions. The presence of the Armed Forces throughout the national territory to impose the full enforcement of laws cannot be a secondary objective, limited by the offers to hold talks, which must be made only to groups that show their unequivocal willingness to reconcile. The decision to strengthen all the actions against the factors of violence operating in the country does not mean that we are renouncing the possibility of finding a political solution to the armed conflict. The path we have taken to search for peace must continue.

The events that took place in Uraba over the weekend show that we must put an end to the spiral of violence at all cost.

We are opposed to the actions of the ill-named paramilitary groups, as well as to all forms of private justice, and we demand an institutional action by the Armed Forces in order to restore security in the country.

Aware that the citizens' security is among the primary concerns of all Colombians, especially because of the negative impact this phenomenon has on the quality of life of all citizens, we demand the most forceful action by the national government to restore tranquillity to our citizens.

The Fatherland Above Any Political Party. [words indistinct] convened by the President of the Republic in a national alliance against violence. We reiterate our faith in Colombia, its institutions [words indistinct] and its capability to overcome the difficult moments we are experiencing, as it has done on previous occasions.

We support the national government headed by the President of the Republic [words indistinct] programs to achieve and satisfy such purposes. The fight against violence, subversion, crime, corruption, and drug trafficking, as well as the efforts to build an efficient judicial system will not be the cause of political quarrels or political party differences.

We call on all Colombians, political parties, civilian society, the church, associations, labor unions, teachers, intellectuals, and journalists to work for Colombia and to put the fatherland before their private interests.

This agreement we are signing today is open for all Colombians to sign. We invite them to join in.

Senators React

PA1708023295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Aug 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] The announcement of the state of internal disturbance allowing the government to implement immediate drastic measures against criminal

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activity during the next three months elicited diverse reactions this afternoon.

[Begin recording] [Senator Jairo Clopatfsky] I believe the problem here is one of authority as well as credibility, and the manner in which Colombians perceive the country's highest authority, in this case the president of the Republic, considering all the events that have been unfolding lately in the country.

[Former Government Minister Rodrigo Escobar] I believe that the president's announcement against violence is appropriate. Colombia cannot continue bleeding itself away.

[Senator Socorro Escobar] I believe that the measure brings some respite to those regions and areas where acts of vandalism have been taking place lately.

[Senate President Jose Guerra] The government's measure will bring some degree of tranquility and hope to all Colombians.

[Union Leader Roman Solorzano] It represents a solution because it will wipe out violence which is the worst scourge this country is currently facing.

[Senator Guillermo Escobar] Well it gives the government a considerable amount of flexibility to face all these public order problems.

[Journalist Alvaro Castro] It is an auspicious start aimed at bringing some order to Colombia.

[Senator Samuel Moreno] The president of the Republic does not need the state of internal disturbance to implement what he has just announced.

[Senator Vivien Morales] The state of internal disturbance is not the solution. What we need is to adopt long range measures.

[Senator Piedad Escobar] I believe that the state of internal disturbance opens the possibility of the government adopting measures but always respecting human rights and other individual guarantees.

[Senator Juan Martin Caicedo] The firm position adopted by the president of the Republic against violence evidently brings some peace to all Colombians.

[Senator Evert Bustamante] Although necessary in some specific cases, the repressive measures announced are still insufficient. [end recording]

Interior Minister Interviewed

PA1708042595 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0330 GMT 17 Aug 95

[Interview with Colombian Interior Minister Horacio Serpa in Santa Fe de Bogota by Nestor Morales; from the "CM& Newscast" — live]

[FBIS Translated Text][Morales] The decree declaring the nation in a state of internal disturbance was already turned over to the Constitutional Court. We have made contact with Interior Minister Horacio Serpa. Mr. Interior Minister Serpa, good evening. What makes the government think the decree will pass the Constitutional Court test?

[Serpa] There is a serious public order situation in the country. The crime rate, homicides, assaults, and violation of property in general have increased. It is much more serious now. There is no doubt that this will be approved.

[Morales] Now that this internal disturbance decree has been issued, are the hopes for a peace dialogue gone?

[Serpa] The hopes remain, but of course, there must be a positive reaction. Peace can only be attained through acts of peace not acts of war.

[Morales] Even though you spoke about this topic at the Chamber of Representatives last night, is the internal disturbance decree not another smoke screen to cover a certain government action?

[Serpa] No. Now everything the government does to rule the country is called a smoke screen. The government has made it clear. It has called for all the investigations, but it must continue to govern. In view of the serious public order situation, the government assumes a responsibility, which is to fight against crime. It has to provide peace and tranquillity to the citizens of this country.

[Morales] Interior Minister Serpa, thank you very much.

[Serpa] Thank you.

Military Commander Rejects Military Junta Rule

PA1608174295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1702 GMT 16 Aug 95

[Report by Carlos Gomez Herrera]

[FBIS Translated Text] Here is a report from the headquarters of the Presidential Guard. Attention: General Camilo Hernando Zuniga Chaparro, commander of the military forces, has pointed out here that the military forces are respectful of the law and the Constitution. He ruled out any attempt to establish a military junta in

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the country as suggested by certain congressmen during the debate that was transmitted on television last night.

Gen. Zuniga Chaparro noted that the military forces are today, more than ever, united and behind their President Ernesto Samper Pizano.

We asked Gen. Hernandez Zuniga his opinion about the arrest of former Defense Minister Fernando Botero Zea, and he replied:

[Begin recording] [Zuniga] I said the other day that I am neither the arbiter of the authorities nor of the law. That development is part of proceedings that the Prosecutor General's Office is carrying out and that office will make decisions based on its broad and wise knowledge.

[Reporter] [Words indistinct] last night?

[Zuniga] I have never visited him.

[Reporter] General, what is your assessment with regard to the country's public order and [word indistinct] situation?

[Zuniga] The military forces have always monitored the actions of subversive groups, updated operations, made permanent analyses, and assessed results and subversive actions to be ready to respond to any situation.

[Reporter] General, a representative last night suggested the installment of a military junta to rule the country. What is your opinion?

[Zuniga] I had not heard anything about that. You know that the military men have always been respectful of the Constitution and the law and would never do anything banned by the law. [end recording]

That was Gen. Camilo Hernando Zuniga Chaparro, commander of the military forces, reaffirming the military and police forces' support of President Ernesto Samper Pizano. The head of state will momentarily attend a ceremony to mark the 181st anniversary of the Presidential Guard here. Caracol Network has learned that he will make some special announcements.

Interior Minister Serpa: Samper Not To Resign

PA1608132795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Aug 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Last night, during a 9-hour debate at the Chamber of Representatives on the so-called Process 8,000, Interior Minister Horacio Serpa Uribe made the following statement:

[Begin Serpa recording] The president of the Republic will not resign. The president of the Republic will not give satisfaction to those who want him to resign, who want the resignation of Dr. Ernesto [words indistinct] as Jorge Eliecer Gaitan used to say [words indistinct] of the Republic. [Words indistinct] with an enormous number of votes, more than those of his legitimate opponent. [end recording]

Defends President Samper

PA1608235895 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 16 Aug 95

[Report by Ana Fernanda Valderrama, from the "National Newscast;" passages within slantlines recorded]

[FBIS Translated Text] The Chamber of Representatives continued its debate on Process 8,000, while former Defense Minister Fernando Botero was testifying at the Prosecutor's Office. In the eight hours of depositions, everything and everyone was talked about. Once more, Horacio Serpa performed well in the debate, and he strongly defended the president and his own ministerial post.

[Valderrama] Once again, Serpa arrived at Congress with a clear mission in mind: defending President Ernesto Samper. However, the conditions were more delicate last night. The arrest of the former defense minister stirred those who oppose the government; they were all talking about the resignation of the president. Serpa decided to take the bull by the horns and spoke openly:

[Serpa] "Dr. Ernesto Samper Pizano resign? Fat chance [mamolas], as Jorge Eliecer Gaitan used to say. However, Samper remains in his post because he deserves it. Many of us in Colombia, my dear friends, will defend his presence." [applause]

[Valderrama] He did everything from reading the resumes of the president and the first lady to even responding by name to those who were questioning him.

[Serpa] "You know, you are so unfair. I am specifically referring to Santiago Castro and Ramiro Varela, who said I was going to beat about the bush. No, I am being direct [aterrizadito]. This is the way Ramiro Varela likes it, direct."

[Valderrama] He resorted to all possible literary elements to say that neither Samper nor his aides will give in to the crisis.

[Serpa] "Ernesto Samper Pizano's men may die but will not surrender. We will not let ourselves be driven away by blows."

[Valderrama] Whether congressmen changed or failed to change their position on the crisis, thanks to Serpa, is not clear. The truth is that, at the end, regardless of

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what that end is, no one will be able to say that Serpa did not defend the president.

Liberal Party Newspaper Defends Samper Administration

PA1608225195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Aug 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Alejandro Galvez Ramirez, director of VANGUARDIA LIBERAL, who is also main shareholder of other morning newspapers in various parts of the country, has signed, along with 100 Santander Department businessmen, a message of total support for President Ernesto Samper.

The industrialists have asked the country to furnish Samper with the support he needs. They demanded respect and solidarity for him.

In an extensive five-point message, the director of the newspaper and the businessmen remind Colombia that no one can be found guilty without first having been heard. They also back the prosecutor general, and ask the media to act in a more responsible way so they are not manipulated by gossip.

Conservative Party Decides To Remain in Government

PA1708021195 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Aug 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] In a controversial meeting of congressmen, the Conservative Party decided it will remain in the government. With 46 votes in favor and 24 against, the Conservative Party representatives decided to continue working with the government. A statement drafted by Senators Juan Camilo Restrepo and Guillermo Angulo said the decision was adopted to prevent disorder and anarchy in the country.

[Begin recording] [Unidentified reporter] Was the interior minister sincere when he asked conservative members to remain in the government?

[Ramiro Velasquez] We believe it was just a way to adapt to the circumstances, amid desperation and arrogance. [end recording]

Others feel that if the conservatives leave, nothing will happen.

[Begin Conservative Representative Roberto Guerlain recording] I do not think the ship is drifting away, because Samper has the support of the military, the United States and the ruling party. [end recording]

Former Defense Minister Botera Zea's Arrest Viewed

Justice Minister Comments

PA1608165195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1323 GMT 16 Aug 95

[Interview with Justice Minister Nestor Humberto Martinez Neira by Dario Arizmendi and Carlos Ruiz; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] How did Justice Minister Nestor Humberto Martinez Neira receive the news about the arrest of his cabinet colleague, former Defense Minister Fernando Botero Zea? Dr. Humberto Martinez, good morning.

[Martinez] Good morning, Dario. Of course, I must say that personally I received the news with much regret. All of us who are scholars are aware that we know people by their deeds, by their actions, and I believe Fernando Botero has given clear proof to Colombian society he is on the side of honest men, on the side of the majority of citizens who are fighting different facets of crime.

That is why I will believe until the end that Dr. Botero will give all the necessary explanations which the law demands. Dr. Botero decided to resign from office to face all the charges that were being formulated and investigated by the administration of justice department. This action enhances him.

I hope that he will soon be able to give the law and the people all the necessary explanations to clear up these issues. Regarding the rest, I believe this is an opportune moment to say, Dario, that the arrest of Dr. Botero is part of a routine process, which at this moment is not based on a specific charge. In Colombia — and this is not known by many people — for a person to be interrogated in pre-trial proceedings before a local magistrate, he has to be released, and then an arrest warrant must be issued against him.

There is an interesting anecdote which you and the public should know. Regarding that law, the prosecutor general considered that disposition absurd, and that it should be established that to be heard in an interrogation, which is a commonplace occurrence in a normal legal proceeding, an individual should not need to be issued an arrest warrant, because that precept is already a part of the law of the administration of justice, I repeat, at the request of the prosecutor general himself, but it was not in force because the formal law has not been the subject of constitutional control.

That is a circumstance which needs to be stressed, to have a greater understanding of the actions that have taken place in the last two days.

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[Arizmendi] Minister, did you speak with the president after the Botero arrest warrant was issued?

[Martinez] Yes, obviously we have been in permanent contact. What is more, we have been working permanently on designing all the measures that will be made public this afternoon, as you are well aware.

[Arizmendi] How was the president? Was he much affected by the news?

[Martinez] Of course, as you know the president has much human warmth and a great spirit, and this news has grieved and caused much consternation to the president and all of Mr. Boteros' friends. But we are reassured and very encouraged by the fact that with the explanations which he has individually promised and given us, he will be able to give a satisfactory reply to Colombian justice.

[Arizmendi] Mr. Minister, what is the legal situation of Fernando Botero? He is being investigated for involvement in what specific legal process?

[Martinez] I cannot specifically say, because you know that the administration is not part of the proceedings. All the information I have received is as a spectator of these events. To avoid any mistake, I say that he is being interrogated as part of the process which was opened by the disclosures and the interrogation of the former treasurer of Ernesto Samper's presidential campaign.

[Arizmendi] Mr. Minister, some jurists, and different sectors of the citizenry, believe that unfortunately our justice system has become a spectacle. Is that more or less what we saw yesterday? What do you believe, Mr. Minister?

[Martinez] In general, above all I would like these proceedings to take place in a peaceful climate. It seems to me this is the most important legal process in Colombia in the second half of this century. It is necessary that the justice department clear up all the events that are being investigated and that the investigation take place in an absolutely peaceful climate through the normal channels established by the Constitution to avoid conditions that arise which might affect the outcome of the legal proceedings.

[Martinez] If your question means what is my opinion about the Office of the Prosecutor General's behavior during this whole process, I would say without euphemism that I think the Office of the Prosecutor General is destined to fulfill its responsibilities, and Colombians will not behold the sight of a breaking off of relations between the Office of the Prosecutor General and the government, which would really be a disaster. These relations have been very extensive; as a result, these two offices together have generated impressive successes in the fight against organized crime.

The Office of the Prosecutor General and we the government represent the interests of honest Colombians. Of course, we must work together to defeat a common enemy, which is organized crime.

[Ruiz] Mr. Minister, this afternoon when the national agreement against violence is promulgated, some government and legal measures must be disclosed to attack in depth this very serious problem faced by Colombians. There is a lot of speculation that the government will propose life sentences, that the government is considering restoring extradition, and that the government will make sentences harsher. In short, what are the measures you can advance us, which will become a part of this set of measures to fight against violence?

[Martinez] Thanks, Carlos. Over the past week, President Samper has initiated a process of listening to the public to identify what they thought of the violence problem, how it was felt at a regional level, at a sector level, and at an institutional level, and how we could confront the different (?types) of violence and crime, which today are really besieging the nation's life.

As a result of this investigation, we have arrived at some fundamental conclusions, which the president will announce to the whole country this afternoon and which I believe must be immediate and blunt responses. There is an anxiety for justice and restoration of order in all of its fronts.

The citizens are expressing their full dissatisfaction with what is happening in terms of citizen security. Yesterday alone we made known an investigation by the Justice Ministry, which establishes that barely half of the files of infractions in Bogota, such as petty thievery [raponazos], minor personal injuries, etc., are being left to the most absolute impunity, even more so when only 50 percent of the files are processed, and over 70 percent of these infractions are subject to prescription due to the state's lack of action.

Clearly there is dissatisfaction with what has been occurring to the nation's life as a result of the consolidation and presence of crime organizations in the most diverse areas, in land piracy, organized crime for car theft, organized crime for drug trafficking, and organized crime for kidnapping and for extortion. Today we will tell Colombians that the state is willing to notify organized criminals that crime does not pay, does not go any further, and that there is a national crusade to confront crime in the most severe way.

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[Arizmendi] But will this severe way involve life sentences or increase up to 60 years the sentence for many of these crimes?

[Martinez] Look, Dario, Colombians are demanding a response, an immediate response. If you ask me in view of the options we have, I would say we must choose the options which are set out today in the Constitution. I think it would be disappointing and cause additional frustration to Colombians if we today tell all of our fellow countrymen that we will confront organized crime, and therefore we would now initiate a constitutional reform to give a medium-term response to the country in view of organized crime.

The establishment of life sentences implies a constitutional reform. It is possible that this topic is included in the great national talks and could be advanced in the medium term, but today Colombians are waiting for a response, which they will have today at 1500.

[Ruiz] Yes, sir. Mr. Minister, this morning a live television newscast said the relatives of Luis Carlos Galan, who was murdered, had to leave the country because of death threats or threats of kidnapping. What does the government know about this?

[Martinez] I do not have information in this regard, Carlos.

[Arizmendi] Thanks a lot, Mr. Minister.

[Martinez] Very kind of you.

[Arizmendi] Justice Minister Nestor Humberto Martinez Neira in Caracol at 0833.

Valdivieso: Botero's Arrest 'Normal'

PA1608150195 Santa Fe de Bogota Inravision Cadena 1 in Spanish 1310 GMT 16 Aug 95

[From the "RCN 7:30" newscast]

[FBIS Translated Text] After a lengthy Congressional session, which extended well past midnight last night, Prosecutor General A!fonso Valdivieso confirmed that former Defense Minister Fernando Botero was arrested in accordance with the normal procedure of the administration of justice. Valdivieso also reported that an investigation has been opened on Government Minister Horacio Serpa. Serpa will also be questioned by Supreme Court of Justice delegate prosecutors as part of an ongoing investigation on the so-called Trial 8000.

[Begin recording] [Valdivieso] The proper authorities, who in this particular instance are the Supreme Court of Justice delegate prosecutors, have taken over this investigation. He will testify, and his legal situation will be determined.

[Serpa] I support, respect, and submit myself to the conclusions of the Prosecutor General's Office. Distinguished representative Barrera, the Office's decisions will always remain sacred to me. I will obey them fully even if the water reaches my neck. [end recording]

Valdivieso also referred to Botero's legal situation. Botero is being held at the Army's Cavalry Academy quarters in Santa Fe de Bogota.

[Begin Valdivieso recording] Legal proceedings or summons are part of the investigation, and this is what we are doing. [end recording]

The prosecutors will probably issue restriction measures against former Minister Botero next week.

Conservative Leader Not Surprised by Arrest

PA1608145295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Aug 95

[Telephone interview with National Conservative Directorate President Dr. Jaime Arias Ramirez by Dario Arizmendi; from "Caracol's 0600 to 0900 Newscast" — live]

[FBIS Translated Text] [Arizmendi] Dr. Jaime Arias Ramirez reacts to the arrest of Former Defense Minister Fernando Botero Zea. Good morning.

[Arias] Good morning, Dario.

[Arizmendi] Were you expecting this decision by the Prosecutor's Office?

[Arias] We all knew that Dr. Botero Zea was going to be arrested. The Penal Code states that if a person in Colombia does not have privileges, when [words indistinct] investigation, the so-called travel restrictions [medidas de aseguramiento] must be implemented. Therefore, I was not surprised. Perhaps I was surprised that it came so quickly, but since we are calling for prompt justice this is normal. Therefore, the news did not surprise me. I must admit that it has had an impact, because the average person is not prepared for this, but it had to happen. It can happen to other government officials.

[Arizmendi] Dr. Jaime Arias, what effect will this have on President Ernesto Samper Pizano's administration and on the president himself?

[Arias] There is no doubt whatsoever, Dario, that a measure such as this affects opinions. In other words the people are going to say look, they are jailing them, when in fact the travel restrictions are implemented simply to make the investigation more clinical. It is not that Dr. Fernando Botero has been sentenced. I am taking it this

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way, calmly; however, the general public will take it differently.

[Arizmendi] Of course. How would you characterize the fact that he has been subjected to an investigation by faceless prosecutors (?when) he is an honorable, serious, and respectable person who does not inspire any kind of fear whatsoever as other criminals do?

[Arias] Dario, I do not at all like the figure of the faceless prosecutor. I have always rejected that figure. Nevertheless, I do not want to express my views in this specific case, because I do not want to interfere in any way with the decisions made by the Prosecutor's Office. As you know, we Conservatives have said that we will not meddle in that issue, that we will wait for justice to be done. [words indistinct] the president of the Republic. Our hope is that the best, promptest, and strictest justice will be implemented. but we will not express our views regarding the trial, among other things because we will eventually judge Dr. Ernesto Samper in Congress.

[Arizmendi] The Conservative congressmen will meet at 0830. The 85 Conservative senators and representatives are expected at the Senate vice presidency for a historic meeting. Dr. Jaime Arias, are you Conservatives aware of the scope of your duty today, which is to decide whether or not you will continue supporting the Samper administration?

[Arias] This meeting is too important. First of all, I am pleased that the Conservative Party has not yet made that decision. We are being widely criticized inside and outside the party, by columnists, and by everyone for our indecisiveness. However, we have devoted 15 days of thought to the issue and now all of the congressmen, after consulting with their people, will make a conscientious and, I hope, patriotic decision. It will be a very difficult decision, and I am pleased that the congressmen will make the decision because they are the Conservative people's best representatives.

I do not know what the result will be; I know that two factions have strong arguments and votes. I am awaiting the results, and I will accept any decision that is reached.

[Arizmendi] What will happen if there is no quorum at the meeting? Will a decision be made by the National Conservative Directorate? [Arias] Dario, I believe .... [Arizmendi] Unfortunately we have lost communications, but at 0830 today there will be a meeting of Conservative congressmen.

Liberal Party Leader on Botero Case

PA1608142795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Aug 95

[Telephone interview with Liberal Party President Fernando Jaramillo by Dario Arizmendi; from "Caracol's 0600 to 0900 Newscast" — live]

[FBIS Translated Text] [Arizmendi] At Caracol we are asking national policymakers for a statement on the arrest, on orders from the Prosecutor General's Office, of Fernando Botero Zea and on the implications of this arrest.

Good morning, Fernando Jaramillo, president of the National Directorate of the Liberal Party.

[Jaramillo] Good morning, Dario. How are you?

[Arizmendi] Were you surprised by the decision?

[Jaramillo] In a way, yes, because it took place so quickly yesterday. But it was known that Dr. Botero would be called for questioning.

[Arizmendi] Do you think other administration officials could also be called for questioning, as Dr. Jaime Arias has said?

[Jaramillo] All the people linked to the process one way or another will be summoned for questioning. I think this is how the normal procedure goes.

[Arizmendi] What do you think will happen?

[Jaramillo] I hope justice prevails.

[Arizmendi] This decision by the justice system, what does it represent for the country and for President Samper, considering that Botero was his right-hand man, his lifetime friend, a Samper supporter at all times, a former defense minister, and the man who put the chiefs of the Cali Cartel in jail?

[Jaramillo] That's right, but his name is mentioned on several occasions in the process, and the purpose of the inquiry is to give him the opportunity to explain his actions. This is the moment when Dr. Botero will have to explain everything that has happened and the Prosecutor General's Office must then decide whether he has any responsibility or not.

[Arizmendi] Was it necessary that faceless prosecutors be the ones to question the former minister?

[Jaramillo] I cannot pass judgment on this. I only hope the Prosecutor General's Office acts most strictly within the law. I have no basis for passing judgment on whether it was necessary to have faceless prosecutors question him.

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I hope Prosecutor General Valdivieso and his people act in strict compliance with the law.

[Arizmendi] What will be the attitude of the Liberal Party's National directorate if a majority of the Conservative Party Board today votes in favor of withdrawing its three Conservative Party ministers from the Samper administration?

[Jaramillo] We would regret the withdrawal of the Conservative Party and keep on going. We have no alternative but to keep on going.

[Arizmendi] As president of the National Directorate of the Liberal Party, do you believe the new Ethics Control Council will discuss the case of Dr. Botero, as member of the Liberal Party, and of the president himself? Dr. Botero... [pauses] Excuse me, Dr. Jaramillo? Well, we have lost communications. This has been the position expressed by the president of the National Directorate of the Liberal Party, who will make no statement so as not to obstruct the administration of justice.

Ecuador

Continued Preferential Treatment in Mercosur Urged

PA1608130395 Quito Voz de los Andes in Spanish 2300 GMT 11 Aug 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] It has officially been reported that Ecuador will concentrate its negotiations with the Common Market of the South, Mercosur, and ask that this organization recognize its status as a country with a lower relative economic development and maintain access-to-market preferences currently in effect.

Preferential treatment for Ecuador because of its less developed nation status will be the primary and most difficult topic in the negotiations with Mercosur scheduled for October. Mercosur comprises Argentina, Brazil, Paraguay, and Uruguay.

Ecuadoran Deputy Foreign Trade Minister (Jose Modesto Apolo) said Ecuador demands respect for its historic heritage; therefore, it wants bilateral agreements that establish preferences in the country's access to markets to be permanently maintained and not just until December 1996 as Mercosur had proposed.

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